



Investir dans les populations rurales

Conseil d'administration

Cent quarantième session

Rome, 11-12 décembre 2023

Rapport du Président

Proposition de don au titre du Cadre pour la soutenabilité de la dette

République du Malawi

Programme de production agricole durable – Phase II

Numéro du projet: 2000004511

Cote du document: EB 2023/140/R.3/Rev.1

Point de l'ordre du jour: 15 a) i) a)

Date: 12 décembre 2023

Distribution: Publique

Original: Anglais

POUR: APPROBATION

Mesures à prendre: Le Conseil d'administration est invité à approuver la recommandation telle qu'elle figure au paragraphe 54.

Questions techniques:

Sara Mbago-Bhunu

Directrice régionale

Division Afrique orientale et australe

courriel: s.mbago-bhunu@ifad.org

Bernadette Mukonyora

Directrice de pays

Division Afrique orientale et australe

courriel: b.mukonyora@ifad.org

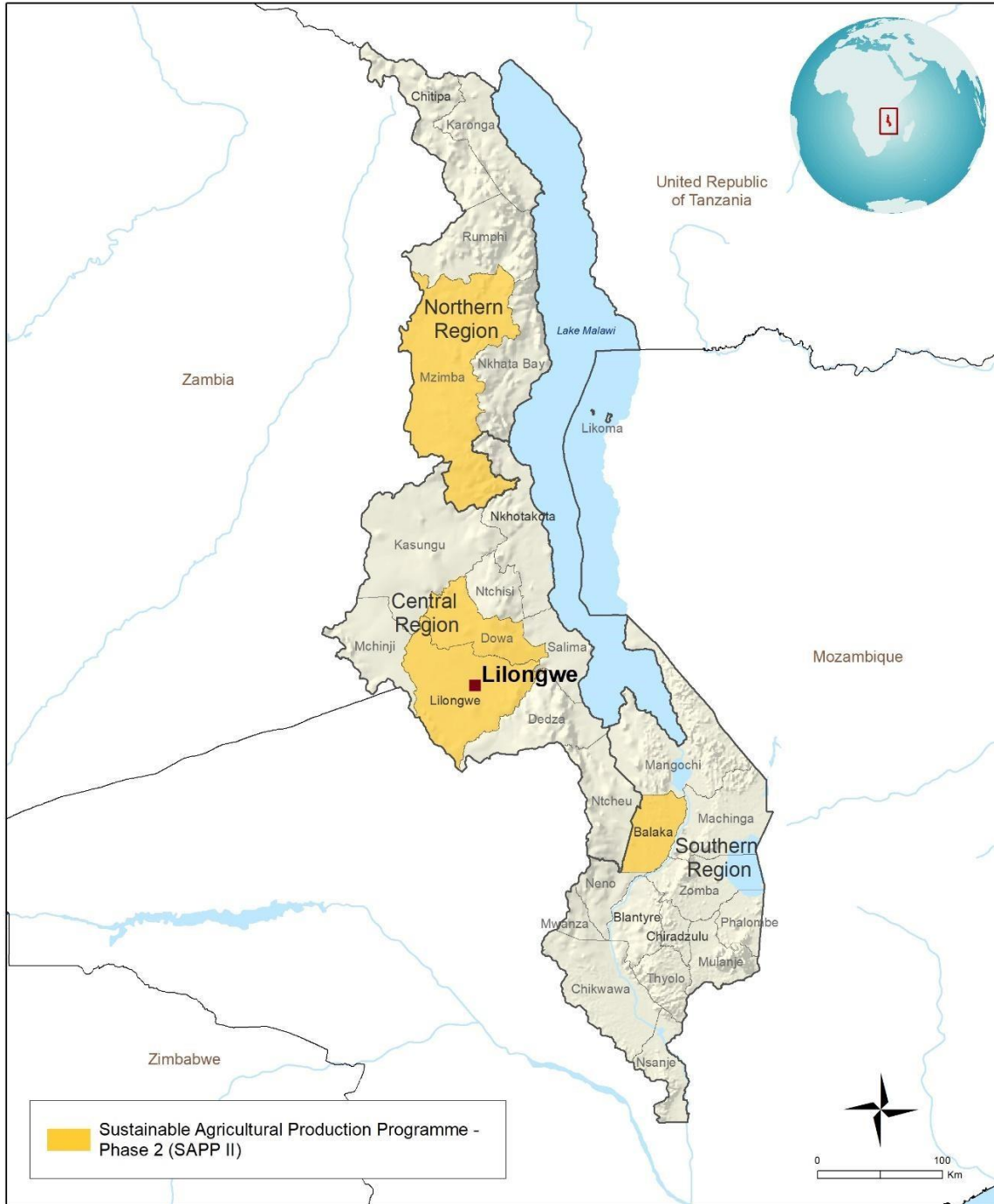
Table des matières

Carte de la zone du programme	ii
Résumé du financement	iii
I. Contexte	1
A. Contexte national et justification de l'intervention du FIDA	1
B. Enseignements à retenir	2
II. Description du programme	3
A. Objectifs, zone d'intervention et groupes cibles	3
B. Composantes, résultats et activités	3
C. Théorie du changement	4
D. Alignement, appropriation et partenariats	5
E. Coûts, avantages et financement	5
III. Gestion des risques	10
A. Risques et mesures d'atténuation	10
B. Catégorie environnementale et sociale	10
C. Classement au regard des risques climatiques	10
D. Soutenabilité de la dette	10
IV. Exécution	11
A. Cadre organisationnel	11
B. Planification, suivi-évaluation, apprentissage, gestion des savoirs et communication	12
C. Plans d'exécution	13
V. Instruments et pouvoirs juridiques	13
VI. Recommandation	13
Appendices	
I. Negotiated financing agreement	
II. Logical framework	
III. Integrated programme risk matrix	

Équipe d'exécution du programme

Directrice régionale:	Sara Mbago-Bhunu
Directrice de pays:	Bernadette Mukonyora
Responsable technique:	Sauli Hurri
Responsable des finances:	Virginia Cameron
Spécialiste climat et environnement:	Clemence Moinier
Juriste:	Ebrima Ceesay

Carte de la zone du programme



Les appellations employées et la présentation des données n'expriment aucune position particulière du FIDA quant au tracé des frontières ou limites ni aux autorités concernées.

Carte établie par le FIDA | 07/07/2023

Résumé du financement

Institution initiatrice:	FIDA
Bénéficiaire:	République du Malawi
Organisme d'exécution:	Ministère de l'agriculture
Coût total du programme:	53,34 millions d'USD
Montant du don du FIDA au titre du Cadre pour la soutenabilité de la dette (CSD):	18,05 millions d'USD
Cofinanceurs:	Union européenne, Programme de transmission
Montant du cofinancement:	Don de l'Union européenne: 2,60 millions d'USD Programme de transmission: 3,04 millions d'USD
Conditions du cofinancement:	Don
Contribution du bénéficiaire:	8,0 millions d'USD
Contribution des bénéficiaires:	6,0 millions d'USD
Déficit de financement:	15,6 millions d'USD
Montant du financement climatique apporté par le FIDA:	7,43 millions d'USD

I. Contexte

A. Contexte national et justification de l'intervention du FIDA

Contexte national

1. La République du Malawi est classée au 164^e rang sur 191 pays selon l'Indice de développement humain de 2023 du Programme des Nations Unies pour le développement. Le revenu par habitant reste modeste, s'établissant 496,14 USD, d'après le rapport du Fonds monétaire international d'avril 2023 intitulé « Perspectives de l'économie mondiale ». Secteur clé de l'économie malawienne, l'agriculture emploie environ 85% de la population active, contribue à hauteur de 22,6% au produit intérieur brut du pays et génère 80% des recettes d'exportation. Le Malawi a une population jeune: l'âge médian est de 17 ans et 78% des habitants ont moins de 35 ans (Rapport principal sur le recensement de la population et du logement, Malawi, 2018).
2. Selon le rapport sur l'insécurité alimentaire chronique (2022) correspondant au Cadre intégré de classification de l'insécurité alimentaire, au Malawi, environ 5,4 millions d'habitants des zones rurales souffrent d'une insécurité alimentaire chronique modérée à sévère (phases 3 et 4 du cadre) liée, entre autres, à l'extrême pauvreté ou à des chocs à répétition. Le Malawi, qui est classé au 87^e rang sur 121 pays selon l'Indice de la faim dans le monde, n'est pas en bonne voie pour atteindre les cibles de l'objectif de développement durable n° 2 et 37% des enfants souffrent d'un retard de croissance. Un facteur important de la pauvreté au Malawi est celui de la sous-performance du secteur agricole, à laquelle s'ajoutent une forte croissance démographique, l'absence de marchés agricoles structurés et le manque de perspectives pour les populations rurales hors de l'agriculture.
3. Malgré ces défis, le secteur de la petite agriculture est au cœur de la vision du pays – Malawi 2063 –, dont l'ambition est de faire du Malawi un pays riche, autonome et industrialisé dont le revenu se situe dans la tranche supérieure du niveau intermédiaire d'ici 2063.

Aspects particuliers relatifs aux thématiques transversales prioritaires du FIDA

4. Conformément aux engagements du FIDA en matière de transversalisation, le programme a été validé comme:
 - incluant un financement climatique;
 - porteur de transformations en matière de genre;
 - tenant compte des enjeux nutritionnels;
 - incluant des activités relatives à la capacité d'adaptation.
5. En dépit d'interventions importantes, la **malnutrition** reste un problème persistant dans les régions rurales du pays (Cadre intégré de classification de la sécurité alimentaire 2022) où la proportion d'enfants souffrant de retards de croissance est de 37% contre seulement 25% dans les zones urbaines.
6. Les **changements climatiques** devraient réduire l'offre alimentaire, ce qui aura de lourdes conséquences sur la vie des populations pauvres des zones rurales et compromettra encore davantage les avancées réalisées en matière de développement dans l'ensemble des secteurs. Les changements les plus importants concernent le début, la durée et la qualité de la saison des pluies, ainsi que la fréquence et l'intensité accrues des catastrophes liées au climat, notamment les sécheresses et les inondations.

7. Au Malawi, les **femmes** représentent 52% de la population et 80% de la main-d'œuvre. Cependant, les écarts de productivité entre les hommes et les femmes dans le secteur agricole restent importants. Ces écarts sont dus aux inégalités dans l'utilisation d'intrants productifs, tels que la main-d'œuvre agricole, ainsi qu'à l'accès insuffisant des femmes à la terre, aux technologies avancées et à leur moindre participation aux filières commerciales et aux filières exportatrices.
8. Le Malawi connaît une croissance rapide de la **population jeune**, environ deux tiers de ses habitants étant âgés de moins de 24 ans et 45% de moins de 15 ans.

Justification de l'intervention du FIDA

9. La commercialisation de l'agriculture en est encore à ses tout débuts au Malawi, mais il y a des raisons valables de soutenir les petits exploitants, de faire en sorte qu'ils soient productifs, rentables, et capables de tirer parti des nouvelles possibilités commerciales et de contribuer à la transformation du secteur agricole, et que leurs activités soient pérennes. L'action du FIDA dans le pays pendant dix ans, dans le cadre du Programme de production agricole durable (SAPP), a permis de développer dix technologies d'amélioration de la productivité agricole pour différents produits de base, de créer un écosystème d'agriculteurs dont les produits sont prêts pour le marché et de renforcer les liens entre agriculteurs, recherche et vulgarisation.
10. Quelle que soit la puissance de l'aspiration nationale à commercialiser les produits du secteur agricole, le contexte opérationnel au Malawi est marqué par une pauvreté généralisée, par l'insécurité alimentaire, par une faible production agricole et par une diversification limitée. Ces conditions appellent l'adoption d'une stratégie à deux volets visant, d'une part à améliorer l'accès au marché pour les ménages prêts à l'affronter et, d'autre part, à continuer de stabiliser la production alimentaire pour les ménages plus pauvres en situation d'insécurité alimentaire.
11. La seconde phase du SAPP (SAPP II) a donc été conçue pour mettre à profit les moyens de production établis dans le cadre de la première phase (technologies agricoles, renforcement des capacités des agriculteurs, constitution de groupes) et pour offrir un éventail d'interventions différenciées (par exemple, stabiliser la sécurité alimentaire pour les ménages les plus pauvres en situation d'insécurité alimentaire), tout en améliorant l'accès au marché pour les bénéficiaires ayant un potentiel à cet égard. Un accent particulier sera mis sur l'autonomisation des femmes, sur la résilience face aux changements climatiques et sur l'alimentation et la nutrition des ménages, tandis que les écosystèmes naturels des petits exploitants ruraux seront renforcés.

B. Enseignements à retenir

12. L'évaluation de la stratégie et du programme de pays menée par le Bureau indépendant de l'évaluation du FIDA (IOE) concernant les projets financés par le FIDA au Malawi (2011-2021), ainsi que l'évaluation de l'impact du SAPP par la Division recherche et évaluation de l'impact (2022) et les évaluations de projet et rapports de mission, ont fourni des enseignements précieux pour la formulation du SAPP.
13. Des technologies agricoles climato-compatibles, privilégiant des systèmes agricoles résilients, ainsi que l'intensification et la diversification, sont essentielles pour atténuer la vulnérabilité face aux risques climatiques et soutenir la sécurité alimentaire des ménages. Le SAPP II prendra en compte les enjeux climatiques et appliquera à plus grande échelle le programme de transmission du bétail à titre d'intervention complémentaire visant à renforcer la résilience.
14. La commercialisation des denrées alimentaires conduit souvent les producteurs à se concentrer sur les cultures de rente au détriment de la consommation. Le SAPP II intégrera la nutrition comme une considération clé dans la sélection des filières et dans le financement au moyen de dons de contrepartie.

15. En raison, notamment, de liens distendus avec les marchés et de la prise de risque limitée du secteur privé, les petits exploitants qui ont bénéficié du SAPP n'ont pas toujours pu trouver de débouchés suffisants pour leurs produits. Dans le cadre de la phase II, l'accent sera mis sur la constitution de groupes d'agriculteurs et sur la promotion d'une production orientée vers le marché, tout en favorisant les liens avec celui-ci par l'intermédiaire des dons de contrepartie.
16. Le SAPP a accusé des retards pendant la phase de démarrage parce qu'aucune unité spéciale chargée de l'exécution du programme n'avait été mise en place pour coordonner l'intégration de toutes les activités prévues dans les structures gouvernementales. Par conséquent, on veillera à ce qu'une telle unité dédiée soit établie dans le cadre du SAPP II et à ce que le programme soit exécuté à l'appui des structures des districts et des sous-districts.
17. Le SAPP a contribué à accroître l'autonomie économique des femmes, en grande partie grâce à l'approche axée sur les ménages qui a permis de réduire la charge de travail des femmes et la violence sexiste. Le SAPP II reproduira ces interventions à plus grande échelle en y intégrant le Système de formation-action pour l'égalité femmes-hommes.

II. Description du programme

A. Objectifs, zone d'intervention et groupes cibles

18. L'objectif du programme est de contribuer à la création de richesses et d'améliorer la sécurité alimentaire et nutritionnelle des populations rurales du Malawi. L'objectif de développement du programme est de commercialiser, d'ici 2030, la production agricole et d'améliorer la résilience¹ et la productivité des systèmes d'agriculture paysanne exploités par des hommes, des femmes et des jeunes vivant en milieu rural dans les districts du Malawi sélectionnés.
19. Le SAPP II sera mis en œuvre à Lilongwe Rural et à Balaka, districts cibles déjà retenus dans le cadre du SAPP, ainsi qu'à Mzimba et Dowa. Il devrait toucher environ 80 000 ménages de petits exploitants. Le Programme de transmission bénéficiera à 89 448 ménages supplémentaires en situation d'insécurité alimentaire, afin d'améliorer leur situation à cet égard et leur résilience. Les groupes cibles du SAPP II sont établis comme suit: i) ménages ruraux en situation d'insécurité alimentaire; ii) ménages en situation d'insécurité alimentaire modérée; iii) ménages de petits exploitants présentant un potentiel commercial – petites et moyennes entreprises économiquement actives.

B. Composantes, résultats et activités

20. Le programme sera axé sur les composantes suivantes: i) amélioration de la productivité des petits exploitants et renforcement de leur résilience face aux changements climatiques; ii) promotion de la commercialisation dans les systèmes d'agriculture paysanne; iii) renforcement des capacités institutionnelles et des systèmes de gestion des connaissances.
21. **Composante 1: Amélioration de la productivité des petits exploitants et renforcement de leur résilience face aux changements climatiques.**
 Cette composante mettra l'accent sur le développement de systèmes de production axés sur l'alimentation et orientés vers les marchés ainsi que sur la préservation du stock de ressources naturelles productives et sur les investissements rendus nécessaires par les changements climatiques. Compteront parmi les interventions, la reproduction à plus grande échelle des bonnes pratiques agricoles, des travaux de recherche adaptative pour améliorer la résilience face aux changements climatiques et relever les défis posés par l'accès aux marchés, la mise en place de systèmes de vulgarisation pluralistes, y compris électronique, afin de renforcer les

¹ Compte tenu du contexte malawien, une approche transversale couvrant l'ensemble du projet sera de mise pour promouvoir la résilience climatique et la réduction des risques de catastrophe.

capacités des systèmes de production climato-compatible tenant compte des enjeux nutritionnels, ainsi que des approches propres à transformer les rapports femmes-hommes. Des systèmes intégrés de production familiale et le programme de transmission du bétail seront utilisés pour venir en aide aux ménages en situation d'insécurité alimentaire, et l'éducation nutritionnelle sera intégrée dans tous les mécanismes de mise en œuvre du programme (approches axées sur le ménage, organisations paysannes et fermes-écoles). Le programme de transmission du bétail sera appliqué aux districts ciblés dans le cadre du SAPP.

22. **Composante 2: Promotion de la commercialisation dans les systèmes d'agriculture paysanne.** Pour s'intégrer pleinement au système de marché et aux autres acteurs de la filière, et pour s'aligner sur les conditions du marché, les producteurs bénéficieront d'un soutien qui consistera à renforcer les organisations paysannes et à améliorer l'accès des groupes de producteurs aux technologies et aux approches pour la production, l'ajout de valeur et la transformation. Le Bureau de normalisation du Malawi sera engagé comme partenaire essentiel pour les normes de sécurité alimentaire, la manipulation des aliments, l'emballage et l'étiquetage. Les exploitants agricoles seront reliés à des plateformes multipartites pour une meilleure coordination de la filière. Le Farmer Challenge Fund (FCF) sera établi et déployé pour aider les groupes d'agriculteurs et les autres acteurs de la filière à s'engager dans des entreprises de production et de post-production sur la base de plans d'affaires. Qui plus est, le SAPP II s'emploiera à mettre en relation les exploitants agricoles avec des prestataires de services financiers pour assurer la pérennisation des activités.
23. **Composante 3: Renforcement des capacités institutionnelles et des systèmes de gestion des connaissances.** Le SAPP II soutiendra les activités de renforcement des capacités pour favoriser une exécution efficace aux niveaux national, des districts et de la communauté. Le programme soutiendra les stratégies pertinentes, notamment la mécanisation des petits exploitants et l'agriculture contractuelle. En ce qui concerne la gestion des risques de catastrophe, les activités viseront à renforcer les capacités de réponse des systèmes d'alerte précoce et de gestion des risques de catastrophe grâce à une meilleure coordination et à l'évaluation des risques climatiques.
24. **La composante relative aux interventions en cas d'urgence et de catastrophe** permettra au programme de préserver les objectifs de développement de SAPP II et de répondre rapidement aux catastrophes ou autres situations d'urgence.

C. Théorie du changement

25. Le SAPP II vise à aider les petits exploitants agricoles à accroître leur productivité et à élargir leur accès au marché, ce qui entraînera une amélioration durable des revenus, de la résilience face aux chocs climatiques et de la sécurité alimentaire et nutritionnelle. La transformation agricole du Malawi en étant à ses débuts, le SAPP II adoptera une stratégie différenciée fondée sur un éventail d'interventions destinées à répondre aux différents défis auxquels sont confrontées les communautés rurales dans les districts cibles. Pour les ménages plus pauvres, le SAPP II se concentrera sur la stabilisation de la production, et appuiera de manière continue la sécurité alimentaire et nutritionnelle, ainsi que la résilience, principalement au moyen de la composante 1. En ce qui concerne les agriculteurs dont les produits sont prêts pour le marché, le programme se concentrera sur l'orientation de ces groupes vers une production axée sur le marché et sur la participation dans les filières.
26. En favorisant l'orientation des petits exploitants et des groupes de producteurs vers une production axée sur le marché, notamment en s'attaquant aux contraintes de production et de productivité, parmi lesquelles l'accès à des semences de qualité, à la génétique animale et aux intrants, à des systèmes de vulgarisation pluralistes,

y compris électronique, et à des services de développement commercial, le SAPP II veillera à ce que les petits exploitants produisent au-delà du niveau de subsistance et à ce qu'ils puissent être en contact avec les marchés et parvenir à la sécurité alimentaire et nutritionnelle. Le SAPP II part du principe que l'intégration des petits exploitants au marché se traduira par des accords commerciaux gagnant-gagnant, par une augmentation durable des revenus, par la création d'emplois et de moyens d'existence diversifiés et par la mise à disposition générale d'aliments nutritifs sur les marchés.

27. Les femmes, les jeunes et les groupes vulnérables, y compris les personnes handicapées, recevront un soutien ciblé de manière à promouvoir des systèmes de production efficaces et à renforcer la participation et l'autonomisation grâce à l'approche par ménage et au ciblage déterminé du système de transmission du bétail. Pour faciliter l'accès au financement des groupes d'agriculteurs, le programme favorisera l'octroi de dons par l'intermédiaire du FCF et de partenariats avec les principales institutions financières.

D. Alignement, appropriation et partenariats

28. Le SAPP II est aligné sur i) les stratégies nationales du Gouvernement malawien et ii) les objectifs de développement durable n^{os} 1, 2, 5, 8, 10, 12, 13 et 15 des Nations Unies, ainsi que sur la nouvelle orientation du Plan-cadre de coopération des Nations Unies pour le développement durable (2024-2028). Le SAPP II tient également compte de la vision du Gouvernement, Malawi 2063, à savoir transformer le pays en un pays industrialisé à revenu intermédiaire de la tranche supérieure, riche et autonome d'ici 2063. Les partenariats clés comprennent i) des prestataires de services privés pour la facilitation des marchés; ii) des synergies avec le portefeuille d'investissement actuel du FIDA – Programme d'accès aux services financiers pour les marchés, les petits agriculteurs et les entreprises en milieu rural, Programme de transformation de l'agriculture par la diversification et l'entrepreneuriat et Programme de développement de l'irrigation dans les zones rurales; iii) la Banque mondiale dans le cadre d'un projet du Gouvernement malawien relatif à la commercialisation de l'agriculture (AGCOM II); iv) l'Organisation des Nations Unies pour l'alimentation et l'agriculture; v) le Programme alimentaire mondial. Le Bureau de normalisation du Malawi est considéré comme un partenaire clé du soutien à la création de valeur ajoutée et de l'appui aux interventions non agricoles.

E. Coûts, avantages et financement

29. Le déficit de financement de 15,6 millions d'USD peut être comblé par des cycles ultérieurs du Système d'allocation basé sur la performance ou par un cofinancement à déterminer pendant l'exécution.
30. Les composantes 1, 2 et 3 du programme relèvent partiellement de l'action climatique. Conformément aux méthodologies des banques multilatérales de développement pour le suivi du financement de l'adaptation aux changements climatiques et de l'atténuation de leurs effets, le montant total du financement climatique du FIDA pour ce programme est estimé à 7,43 millions d'USD.

Coûts du programme

31. Le coût total du programme est évalué à environ 53,34 millions d'USD, aléas compris. Des précisions sont données dans les tableaux récapitulatifs ci-après.

Table 1
Coût du programme par composante et sous-composante et par source de financement
(en milliers d'USD)

Composante/ sous-composante	Don du FIDA relevant du CSD		Union européenne		Programme de transmission		Bénéficiaires		Gouvernement		Déficit de financement		Total	
	Montant	%	Montant	%	Contributions en nature	%	Contributions en nature	%	Contributions en nature	%	Montant	%	Montant	%
1. Amélioration de la productivité des petits exploitants et renforcement de leur résilience face aux changements climatiques														
Filière inclusive et analyse de marché	346	84							68	17			415	1
Renforcement des capacités pour des systèmes de production climato-compatibles et tenant compte des enjeux nutritionnels	3 754	38	1 966	20	3 041	31			1 130	11			9 892	19
Gestion durable des ressources productives (sol, terre et eau)	965	26	634	17					610	17	1 490	40	3 699	7
Sous-total	5 065	36	2 600	19	3 041	22			1 809	13	1 490	11	14 005	26
2. Promotion de la commercialisation dans les systèmes d'agriculture paysanne														
Renforcement des organisations paysannes	1 965	70							842	30			2 807	5
Promotion des liens avec le marché en fonction des possibilités de création de valeur	2 790	70							1 196	30			3 985	8
Farmer Challenge Fund	1 016	4					6 000	25	3 358	14	14 122	58	24 458	46
Sous-total	5 770	19					6 000	19	5 358	17	14 122	45	31 250	59
3. Renforcement des capacités institutionnelles et des systèmes de gestion des connaissances														
Renforcement des capacités du personnel et des institutions partenaires pour la coordination, la communication, la gestion des connaissances, le suivi et l'évaluation du SAPP II et en ce qui concerne les Procédures d'évaluation sociale, environnementale et climatique	2 256	84							446	17			2 702	5
Renforcement des institutions des structures gouvernementales pour une meilleure gestion des risques de catastrophe	1 084	84							214	17			1 298	2
Sous-total	3 340	84							660	17			4 000	8
4. Gestion du programme	3 907	96							173	4			4 080	8
5. Interventions en cas d'urgence et de catastrophe	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	18 083	34	2 600	5	3 041	6	6 000	11	8 000	15	15 611	29	53 336	100

Tableau 2

Coût du programme par catégorie de dépenses et par source de financement

(en milliers d'USD)

Catégorie de dépenses	Don du FIDA relevant du CSD		Union européenne		Programme de transmission		Bénéficiaires		Gouvernement		Déficit de financement		Total	
	Montant	%	Montant	%	Contributions en nature	%	Contributions en nature	%	Contributions en nature	%	Montant	%	Montant	%
Dépenses d'investissement														
A. Travaux de génie civil	361	73	-	-	-	-	-	-	134	27	-	-	495	1
B. Services de consultants	3 909	74	-	-	-	-	-	-	1 237	24	110	2	5 256	10
C. Équipement et matériel	531	25	9	0,1	-	-	-	-	348	17	1 223	58	2 111	4
D. Biens, services et intrants	3 471	62	1 187	21	-	-	-	-	920	17	-	-	5 578	11
E. Formation et ateliers	5 712	61	1 404	15	-	-	-	-	2 040	22	157	2	9 314	18
F. Dons et subventions	1 016	4	-	-	3 041	11	6 000	22	3 321	12	14 122	51	27 499	52
Total des dépenses d'investissement	15 000	30	2 600	5	3 041	6	6 000	12	8 000	16	15 611	31	50 253	94
Dépenses ordinaires														
A. Salaires, traitements et indemnités	2 688	100	-	-	-	-	-	-	-	-	-	-	2 688	5
B. Dépenses de fonctionnement	394	100	-	-	-	-	-	-	-	-	-	-	394	1
Total des dépenses ordinaires	3 083	100	-	-	-	-	-	-	-	-	-	-	3 083	6
Total	18 083	34	2 600	5	3 041	6	6 000	11	8 000	15	15 611	29	53 336	100

Tableau 3

Coût du programme par composante, par sous-composante et par année du programme

(en milliers d'USD)

Composante/ sous-composante	Année 1		Année 2		Année 3		Année 4		Année 5		Année 6		Année 7		Total
	Montant	%	Montant	%	Montant	%	Montant	%	Montant	%	Montant	%	Montant	%	Montant
1. Amélioration de la productivité des petits exploitants et renforcement de leur résilience face aux changements climatiques															
Filière inclusive et analyse de marché	163		16		17		73		130		17		-		415
Renforcement des capacités pour des systèmes de production climato-compatibles et tenant compte des enjeux nutritionnels	319		1 622		2 209		2 658		2 332		687		65		9 892
Gestion durable des ressources productives (sol, terre et eau)	989		2 116		430		81		82		-		-		3 699
Sous-total	1 470		3 754		2 656		2 812		2 544		704		65		14 005
2. Promotion de la commercialisation dans les systèmes d'agriculture paysanne															
Renforcement des organisations paysannes	723		411		442		386		417		292		136		2 807
Promotion des liens avec le marché en fonction des possibilités de création de valeur	471		585		646		628		634		640		381		3 985
Farmer Challenge Fund	-		2 536		4 096		6 512		6 574		4 740		-		24 458
Sous-total	1 194		3 532		5 183		7 526		7 625		5 672		517		31 250
3. Renforcement des capacités institutionnelles et des systèmes de gestion des connaissances															
Renforcement des capacités du personnel et des institutions partenaires pour la coordination, la communication, la gestion des connaissances, le suivi et l'évaluation du SAPP II et en ce qui concerne les Procédures d'évaluation sociale, environnementale et climatique	609		275		233		363		558		336		328		2 702
Renforcement des institutions des structures gouvernementales pour une meilleure gestion des risques de catastrophe	326		323		133		268		135		114		-		1 298
Sous-total	935		598		366		631		693		450		328		4 000
4. Gestion du programme	1 098		485		490		495		499		504		509		4 080
5. Interventions en cas d'urgence et de catastrophe	-		-		-		-		-		-		-		-
Total	4 697		8 368		8 694		11 464		11 362		7 331		1 419		53 336

Stratégie et plan de financement et de cofinancement

32. Lors de la finalisation du document de conception, le Gouvernement malawien a émis un avis de non-objection à la recherche par le FIDA d'un cofinancement de 10 millions d'USD du Fonds pour l'adaptation destiné à couvrir partiellement le déficit de financement du SAPP II (15,6 millions d'USD). Par ailleurs, le FIDA est en pourparlers avec l'Union européenne pour un financement supplémentaire au titre du SAPP II. Le déficit de financement est associé au FCF dans le cadre de la composante 2, ce qui ne compromettra pas la mise en œuvre. Les interventions du programme peuvent être renforcées au fur et à mesure de la réception des fonds.

Décaissement

33. Les procédures de décaissement du SAPP II seront fondées sur des rapports financiers intermédiaires trimestriels et sur la soumission de demandes de retrait via le Portail clients du FIDA. Le Ministère de l'agriculture ouvrira à la Banque centrale du Malawi des comptes distincts en dollar des États-Unis pour le FIDA et pour chaque financeur de contrepartie afin d'éviter toute confusion. Le SAPP II ouvrira un compte d'opérations en kwacha malawien pour chaque instrument auprès d'une banque commerciale de bonne réputation et acceptable pour le FIDA. Les fonds du FIDA et des autres financeurs seront versés directement de leurs comptes respectifs sur les comptes désignés du SAPP II suite aux demandes trimestrielles de fonds renouvelables. Le FCF appliquera la méthode du FIDA pour les versements d'avances entre les groupes d'agriculteurs et l'unité de gestion du programme (UGP), et les avances autorisées imputées sur le budget seront décaissées directement et reconstituées de manière continue et constante lorsqu'elles auront été dépensées à hauteur de 60% minimum. Le décaissement du FCF fera l'objet de vérifications fréquentes qui seront effectuées lors des missions du FIDA, ainsi que d'audits internes et externes annuels. L'UGP devra également ouvrir un compte séparé en monnaie locale pour recevoir les versements en espèces du Gouvernement.

Résumé des avantages et analyse économique

34. Le coût total du SAPP II est estimé à 53,34 millions d'USD et le nombre de ménages bénéficiaires à 169 448. Tous les modèles indiquent une viabilité financière positive en matière d'évaluation fondée sur le ratio avantages-coûts, de taux de rentabilité économique interne (TREI) et de valeur actuelle nette actualisée sur 10 ans en utilisant un taux de 3,6%. Le SAPP II devrait produire un TREI de référence de 23%, avec une valeur actuelle nette positive de 11,9 millions d'USD (12,3 milliards de MWK). Le TREI de référence de 23% est supérieur au taux d'actualisation utilisé pour l'analyse économique, ce qui confirme le bien-fondé de l'investissement proposé. Les résultats de l'analyse de sensibilité indiquent que le programme reste économiquement viable quels que soient les scénarios envisagés.

Stratégie de retrait et pérennisation

35. L'évaluation de la pérennisation se fonde sur des considérations institutionnelles, financières, environnementales et sur d'autres concernant les systèmes agricoles. Le renforcement des capacités institutionnelles et la fourniture d'une formation et d'un soutien aux institutions et départements gouvernementaux aux niveaux national et infranational renforceront la capacité des principaux ministères de tutelle à mettre en œuvre le programme de commercialisation de l'agriculture. La promotion de bonnes pratiques agricoles, la protection de l'environnement et la préservation du stock de ressources naturelles productives garantiront la pérennité des ressources naturelles et des écosystèmes, essentiels aux exploitants agricoles.
36. La commercialisation et l'accent particulier mis sur la participation du secteur privé garantiront un accès durable aux intrants, aux technologies de production et de productivité et aux services de soutien à la vulgarisation dirigés par le secteur privé, créant ainsi un environnement propice à la transformation du secteur agricole, qui passera d'une production de subsistance à une production axée sur le

marché. La participation des institutions financières dans la gestion du FCF permettra d'obtenir un financement durable par l'intermédiaire de financements mixtes et d'incitations pour les banques à débloquer des financements supplémentaires pour le secteur de l'agriculture rurale.

III. Gestion des risques

A. Risques et mesures d'atténuation

37. Globalement, les risques inhérents et les risques résiduels sont jugés **modérés**. Les principaux risques et les mesures d'atténuation correspondantes sont présentés dans la matrice intégrée des risques du programme.

Table 4

Synthèse des risques

<i>Aspect du risque</i>	<i>Niveau de risque inhérent</i>	<i>Évaluation du risque résiduel</i>
Contexte national	Substantiel	Modéré
Stratégies et politiques sectorielles	Substantiel	Modéré
Contexte environnemental et climatique	Substantiel	Substantiel
Portée du projet	Faible	Faible
Capacités institutionnelles d'exécution et viabilité	Modéré	Faible
Gestion financière	Substantiel	Substantiel
Passation des marchés	Modéré	Modéré
Impact environnemental, social et climatique	Modéré	Faible
Parties prenantes	Modéré	Faible
Risque global	Modéré	Modéré

B. Catégorie environnementale et sociale

38. Le risque environnemental et social est jugé, à titre préliminaire, **modéré**. La plupart des effets prévus seront atténués par des plans de prévention et d'atténuation. L'analyse détaillée des risques climatiques a révélé des impacts significatifs des changements climatiques dans le pays. Par conséquent, un plan de gestion environnementale, sociale et climatique a été élaboré. Il servira de plan de suivi pour éviter les effets négatifs sur l'environnement. La matrice de ce plan sera incluse dans le manuel d'exécution.

C. Classement au regard des risques climatiques

39. Le risque climatique est jugé **substantiel**. Les principaux thèmes et étapes de l'évaluation des risques climatiques sont décrits ci-après. Une évaluation ciblée de l'adaptation a permis de définir les mesures d'adaptation spécifiques à prendre pendant toute la durée du programme. L'outil Clear Check sera utilisé pour évaluer les points chauds des risques climatiques et pour déterminer les mesures d'adaptation appropriées à intégrer dans les interventions du programme. De même, les scénarios climatiques prévoient des changements de température, de variabilité, d'intensité et de fréquence des événements extrêmes.

D. Soutenabilité de la dette

40. Dans la dernière analyse de viabilité de la dette du Fonds monétaire international (juillet 2023), la dette extérieure et la dette publique globale du Malawi sont jugées « en détresse », ce qui représente un déclasserement par rapport à la précédente analyse de viabilité de la dette de décembre 2021. Le Malawi est éligible à un don du FIDA au titre du Cadre pour la soutenabilité de la dette.

IV. Exécution

A. Cadre organisationnel

Gestion et coordination du programme

41. Le Ministère des finances et des affaires économiques représentera officiellement le Gouvernement malawien pour les questions liées au SAPP II, en qualité de bénéficiaire du don du FIDA, tandis que le Ministère de l'agriculture sera le principal organisme d'exécution, fournira des orientations stratégiques et assurera un contrôle. Le secrétaire principal du Ministère de l'agriculture présidera le comité de pilotage du programme, tandis que le comité technique du programme apportera un soutien technique au comité de pilotage du programme et à l'UGP. Le directeur des services de planification agricole présidera le comité technique du programme. Le comité technique reflétera la composition du comité de pilotage et comprendra d'autres directeurs techniques du Ministère de l'agriculture, notamment la ou le chef du plan national d'investissement agricole. L'exécution du programme au quotidien relèvera de la responsabilité d'une UGP indépendante placée sous la tutelle du Ministère de l'agriculture. Le FCF sera géré par un gestionnaire de fonds compétent, à savoir une institution financière recrutée sur la base d'un appel d'offres et chargée de superviser directement la mise en œuvre du FCF.

Gestion financière, passation des marchés et gouvernance

42. **Gestion financière.** La gestion financière du SAPP II incombera à une équipe spécialisée relevant de l'UGP, dirigée par le comptable du programme et assistée d'un comptable adjoint du programme et d'assistants ou de commis comptables. Chaque district participant disposera également d'un personnel financier désigné afin de garantir une supervision et un contrôle efficaces de la gestion financière au niveau du district. Les procédures de décaissement du SAPP II seront fondées sur des rapports financiers intermédiaires trimestriels et sur la soumission de demandes de décaissement via le Portail clients du FIDA. Les rapports financiers intermédiaires seront soumis trimestriellement dans les 45 jours suivant la fin de la période.
43. La budgétisation du programme incombera à l'UGP, conformément aux procédures actuelles du FIDA et aux lois et politiques du Gouvernement en matière de finances. Le plan de travail et budget annuel (PTBA) sera établi de manière suffisamment détaillée et indiquera les financeurs et la part de financement allouée à chaque activité. Il sera approuvé par le comité de pilotage du programme et recevra un avis de non-objection du FIDA avant d'être mis en œuvre. En raison des risques élevés associés au processus de réclamation de la TVA, le SAPP II en tient compte dans les coûts de conception du FIDA, la TVA étant considérée comme une dépense admissible pendant toute la durée du programme. Le programme migrera vers le logiciel comptable TOMPRO (version web), ce qui représente une amélioration par rapport au SAPP; le logiciel sera configuré de manière à produire tous les états financiers requis par le FIDA. Une avance de démarrage sera prévue dans l'accord de financement pour couvrir les frais liés à l'acquisition du logiciel et d'autres frais à engager pour préparer l'exécution. Le SAPP II continuera de s'appuyer sur le département d'audit interne du Ministère de l'agriculture. L'audit externe sera réalisé par l'Auditeur général, conformément à un mandat approuvé par le FIDA. Les entités chargées de l'exécution sont tenues de respecter les directives du FIDA en matière de lutte contre la corruption, conformément à la politique et aux procédures du FIDA.
44. Les procédures de passation des marchés concernant les biens, les travaux et les services seront mises en œuvre dans le respect des dispositions de la loi de 2016 sur les marchés publics et la cession des actifs publics du Malawi et de la réglementation de 2020 sur les marchés publics, sachant que le cadre juridique national doit répondre aux exigences du FIDA qui seront précisées dans l'accord de financement et la lettre d'arrangement en matière de passation de marchés.

Le programme préparera un plan de passation des marchés couvrant les 18 premiers mois du programme, suivi de plans successifs de 12 mois. Les procédures de passation des marchés concernant les biens, les travaux et les services seront soumises à l'examen préalable ou a posteriori du FIDA afin de s'assurer de la conformité du processus d'acquisition aux Directives du FIDA pour la passation des marchés et à l'accord de financement.

Participation et retours d'information du groupe cible, et mécanisme de réponse aux doléances

45. Le SAPP II s'emploiera à mobiliser les communautés par la mise en œuvre d'approches participatives d'autonomisation visant à assurer l'appropriation et la pérennité des initiatives. Des séances d'orientation communautaire seront organisées dans le cadre de réunions aux niveaux du district, de la circonscription et du village. Elles seront coordonnées par les comités de développement villageois en consultation avec les autorités traditionnelles. Les bénéficiaires seront regroupés dans des fermes-écoles et des organisations paysannes, informés sur la sélection de la filière et sur les possibilités en découlant, et pourront accéder à la vulgarisation et à d'autres formes d'appui au renforcement des capacités, participer aux activités du programme, modifier les rapports femmes-hommes et améliorer la nutrition et le bien-être de leur ménage.

Mécanisme de réponse aux doléances

46. Le mécanisme de réponse aux doléances comprendra trois systèmes parallèles: i) un système communautaire ou traditionnel, ii) un système formel et iii) le système de réponse aux doléances du FIDA. L'UGP fournira des informations sur les mécanismes de réponse aux doléances disponibles, sensibilisera à la politique de tolérance zéro du FIDA à l'égard de la violence sexiste, de l'exploitation sexuelle, des abus et du harcèlement, et diffusera ses politiques en matière de fraude et de corruption. Ces informations figureront dans tous les accords contractuels liés au SAPP II et dans d'autres documents du programme, tels que les brochures et les modèles d'appel à propositions.

B. Planification, suivi-évaluation, apprentissage, gestion des savoirs et communication

47. La planification sera intégrée dans les processus gouvernementaux, au moyen d'approches participatives mises en œuvre de l'échelon national à l'échelon décentralisé, et reposera sur des PTBA. Le PTBA consolidé de l'UGP sera soumis au FIDA pour examen et avis de non-objection 60 jours au moins avant le début de l'année du programme. Le système de suivi-évaluation sera guidé par le plan directeur national de suivi et d'évaluation. Le système de suivi-évaluation du SAPP II permettra de recueillir des données ventilées par sexe et par âge. Tous les indicateurs de base seront mesurés au démarrage, à mi-parcours et à l'achèvement. Les approches de collecte de données combineront des méthodes d'enquête qualitatives et quantitatives.

Innovations et reproduction à plus grande échelle

48. Plusieurs innovations seront encouragées dans le cadre du SAPP II, notamment: i) la production et la distribution d'engrais organiques, grâce au programme EU-ILSA²; ii) les systèmes de vulgarisation numériques et pilotés par le secteur privé; iii) la production axée sur le marché dans le cadre d'un système d'agriculture de subsistance; iv) la microassurance innovante, en partenariat avec le Programme d'accès aux services financiers pour les marchés, les petits agriculteurs et les entreprises en milieu rural; v) la participation d'entreprises du secteur privé, telles que Hello Tractor, pour mettre à l'essai des technologies

² Programme d'investissement en faveur de la résilience des moyens d'existence et de la bonne santé des sols dans les pays d'Afrique, des Caraïbes et du Pacifique.

mécanisées destinées aux petits exploitants (location d'actifs) afin de stimuler la production et la productivité agricoles.

C. Plans d'exécution

Plans de préparation à l'exécution et de démarrage

49. Un projet complet de manuel d'exécution du programme a été préparé dans le cadre du processus de conception, ainsi qu'un projet de PTBA et un projet de plan de passation de marchés pour les 18 premiers mois d'exécution. Ces documents visent à garantir le démarrage de l'exécution dans les délais prévus et sans pertes de temps inutiles pendant la première année. Un plan de démarrage a également été préparé.

Supervision, examen à mi-parcours et plans d'achèvement

50. **Des missions conjointes annuelles de supervision et d'appui à l'exécution** seront organisées par le FIDA et le Gouvernement pour évaluer les progrès accomplis et aider les partenaires d'exécution et l'UGP à améliorer l'exécution du programme. Les missions de supervision évalueront les performances physiques et financières globales, recenseront les difficultés liées à l'exécution et proposeront des mesures pour y remédier, dans le respect de toutes les exigences fiduciaires de l'accord de financement. Des mesures correctives plus complètes seront envisagées à mi-parcours afin d'obtenir les résultats et les impacts attendus et de garantir l'adéquation et la viabilité du FCF. À la fin de la période d'exécution, un examen à l'achèvement sera entrepris pour rendre compte des résultats et de l'impact obtenus.

V. Instruments et pouvoirs juridiques

51. L'octroi au bénéficiaire du financement proposé est régi par un accord de financement entre la République du Malawi et le FIDA. Une copie de l'accord de financement négocié figure à l'appendice I.
52. La République du Malawi est habilitée, en vertu de son ordre juridique, à recevoir un financement du FIDA.
53. Je certifie que le financement proposé est conforme aux dispositions de l'Accord portant création du FIDA et aux Principes et critères applicables aux financements du FIDA.

VI. Recommandation

54. Je recommande au Conseil d'administration d'approuver le financement proposé par la résolution suivante:

DÉCIDE: que le Fonds accordera à la République du Malawi un don au titre du Cadre pour la soutenabilité de la dette d'un montant de dix-huit millions cinquante mille dollars des États-Unis (18 050 000 USD), qui sera régi par des modalités et conditions conformes en substance aux modalités et conditions indiquées dans le présent rapport.

Le Président
Alvaro Lario

Negotiated financing agreement

Sustainable Agricultural Production Programme – Phase II (SAPP II)

(Negotiations concluded on 07 December 2023)

Grant No:

Project name: Sustainable Agricultural Production Programme – Phase II (“SAPP II”/“the Programme”)

The Republic of Malawi (the “Borrower”/“Recipient”)

and

The International Fund for Agricultural Development (the “Fund” or “IFAD”)

(each a “Party” and both of them collectively the “Parties”)

WHEREAS

- A. At its 104th session held on in December 2011, IFAD’s Executive Board (the “EB”) approved the Sustainable Agricultural Production Programme (SAPP) and the relevant financing agreement between IFAD and the Borrower was signed on 24 January 2012 and subsequently amended;
- B. Following a successful review of SAPP and coupled with the Parties’ decision to consolidate and upscale the SAPP achievement, it was determined that a second phase to SAPP was required to be implemented in a bid to support agriculture commercialization and stabilization of household food security;
- C. Consequently, the Recipient requested a Debt Sustainability Framework (DSF) grant from the Fund for the purpose of financing the Programme described in Schedule 1 to this Agreement and the Fund has agreed to provide such financing;

NOW THEREFORE, the Parties hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Programme Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and the Special Covenants (Schedule 3).

2. The Fund’s General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2022, and as may be amended hereafter from time to time (the “General Conditions”) are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.

3. The Fund shall provide a DSF grant to the Recipient, which the Recipient shall use to implement the Programme in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the DSF grant is eighteen million and fifty thousand United States dollars (USD 18 050 000) (the "Grant/ the "Financing").
2. The first day of the applicable Fiscal Year shall be 1 April.
3. A specific Designated Account in United States Dollars for the exclusive use of the Programme will be opened at the Reserve Bank of Malawi in order to receive funds pertaining to the Grant. The Recipient shall inform the Fund of the officials authorized to operate the Designated Account.
4. The Recipient shall provide counterpart funding for the purpose of the Programme for an amount equivalent to eight million United States dollars (USD 8 000 000) in cash or kind, in the form of taxes and other Programme costs in accordance with the approved Annual Work Plans and Budget (AWPBs). Beneficiaries will also make in kind contributions to the Programme amounting to six million United States dollars (USD 6 000 000) in component 2.2 for Market Linkages promoted based on opportunities to unlock value in the Farmer Challenge Fund (FCF) and three million forty one thousand United States dollars (USD 3 041 000) for the Pass-On programme, under component 1.

Section C

1. The Lead Programme Agency shall be the Ministry of Agriculture (MoA).
2. Additional Programme Parties are described in Part II, Schedule 1 of the Agreement.
3. A Mid-Term Review will be conducted as specified in Section 8.03 (b) and (c) of the General Conditions; however, the Parties may agree on a different date for the Mid-Term Review of the implementation of the Programme.
4. The Programme Completion Date shall be the 7th anniversary of the date of entry into force of this Agreement and the Financing Closing Date shall be as specified in the General Conditions.
5. Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the Recipient's procurement methods and regulations to the extent such are consistent with the IFAD Procurement Guidelines.

Section D

1. The Fund will administer the Grant and supervise the Programme.

Section E

1. The following is designated as an additional ground for suspension of this Agreement:
 - (a) The Programme Implementation Manual (PIM) and/or Farmer Challenge Fund Manual and/or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior agreement of the Fund and the Fund, after consultation with the Recipient, has determined that it has had, or is likely to have, a material adverse effect on the Programme.

- 2. The following is designated as an additional ground for cancellation of this Agreement:
 - (a) In the event that the Recipient did not request a disbursement of the Financing beyond 12 months without justification.
- 3. The following are designated as additional conditions precedent to withdrawal:
 - (a) The IFAD no objection to the PIM shall have been obtained; and
 - (b) The key Programme staff shall have been appointed and approved by the Fund as detailed under Paragraph 13 of Schedule 3.
- 4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Recipient:

Minister of Finance and Economic Affairs
 Ministry of Finance and Economic Affairs
 P.O. Box 30049, Capital Hill
 Lilongwe 3
 Malawi

For the Fund:

The President
 International Fund for Agricultural Development
 Via Paolo di Dono 44
 00142 Rome, Italy

This Agreement has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Recipient.

REPUBLIC OF MALAWI

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Date: _____

Schedule 1

Programme Description and Implementation Arrangements

I. Programme Description

1. *Goal.* The goal of the Programme is to improve wealth creation, as well as food and nutrition security among the rural population of Malawi.
2. *Objectives.* The Project Development Objective (PDO) is to promote Commercialised agriculture that enhances the resilience³ and productivity of smallholder farming systems for improved income, food and nutrition security of rural men, women and youth in selected districts of Malawi by 2030".
3. *Components.* The Programme shall consist of the following three components:
 - 3.1. Component 1: **Increased smallholder productivity and climate resilience.** This component will focus on enhancing production systems that are food-focused, market oriented, protecting the productive natural resource base and climate proofing investments. Interventions will include upscaling good agricultural practices, adaptive research to improve climate-resilience and address market-access challenges, pluralistic extension systems including e-extension, to enhance capacity for climate-smart, nutrition-sensitive production systems and gender transformative approaches. Food insecure households will receive support with establishing integrated homestead production, livestock pass-on while nutrition education will be integrated into all the programme delivery mechanisms, such as household approaches, farmer organizations, Farmer Field Schools. Livestock pass-on will only apply to the original SAPP Districts.
 - 3.2. Component 2: **Commercialisation of smallholder farming systems promoted.** To fully integrate with the market system and other VC actors, producers will be supported to align with the market, including strengthening farmer organisations, enhancing producer groups access to technologies and approaches for production, value addition and processing. Malawi Bureau of Standards will be engaged as a critical partner for food safety standards, food handling, packaging, and labelling. Farmers will be linked into multi-stakeholder platforms to enhance VC coordination. The Farmer Challenge Fund (FCF) will be deployed to support farmer groups and other VC actors, to engage in production and post-production enterprises informed by the business plans. Beyond the FCF SAPP II will also work to link farmers to financial service providers for sustainability
 - 3.3. Component 3: **Strengthened institutional capacity and knowledge management systems.** SAPP II will support capacity building activities to facilitate effective implementation, at national, district and community level. SAPP II will support relevant strategies, including smallholder mechanization and contract farming. Specifically on disaster risk management, activities will focus on building capacity for early warning system response and disaster risk management through improved coordination, as well as climate risks assessment. It is foreseen that output 1.3 of SAPP II Programme Description will be financed through the IFAD-EU partnership under the Investing in Livelihood Resilience and Soil Health in ACP countries (ILSA): IFAD's Contribution to the EU initiative on Food Production and Resilience of Food Systems in African, Caribbean and Pacific (ACP) countries.

³ Including climate resilience. Cross cutting across the entire Programme will be the need to promote climate-resilience and disaster risk reduction given the Malawian context. This will entail (i) promoting climate-smart agriculture practices and natural resource conservation to reduce sensitivity, (ii) supporting the development and implementation of disaster risk reduction strategies/investments (iii) prevention, mitigation as well as transfer; (iv) risk identification as well as reduction; (v) financial protection. The Programme will benefit from IFAD experience with disaster risk reduction through climate resilient investments as well as recovery.

3.4. **Response to Emergency and Disaster Component:** The objective of this component is to ensure that in the event of a disaster, whether environmental or man-made, SAPP II can adequately respond to safeguard the developmental gains of the Programme. The most likely emergencies in Malawi are weather-related i.e. extreme weather events such as Cyclones and El Nino.

4. *Target Population.* The Programme is expected to benefit approximately 80,000 rural households corresponding to 400,000 direct beneficiaries. About 50 percent female beneficiaries and 30 per cent youth beneficiaries will be targeted. Special consideration will also be given to women headed households, and HHs with persons with disabilities.

5. *Programme area.* The Programme will be implemented in 4 Districts of Malawi, of which 2 are new and the other 2 were SAPP Districts and within production corridors. The selected districts are Lilongwe Rural and Balaka which were SAPP target districts and two news ones namely Mzimba and Dowa. The previous Districts have been retained to further build on the achievements of SAPP and ensure market ready smallholders can benefit from the commercialization agenda.

II. Implementation Arrangements

6. *Lead Programme Agency.* The Ministry of Agriculture (MoA) will be the lead implementing agency, providing strategic policy guidance and oversight of SAPP II.

7. *Programme Oversight Committee (PSC).* The PSC will be responsible for programme oversight. The Principal Secretary of the Ministry of Agriculture will be the Chairperson of the PSC. Other members of the PSC will include Principal Secretaries for Ministries of Trade and Industry, Local Government, Unity and Culture; Gender, Child Protection and Social Welfare; Youth and Sports; Natural Resources and Climate Change; Health and the Chief Executive Officers for the Lilongwe University of Agriculture and Natural Resources (LUANAR); National Association of Smallholder Farmers in Malawi (NASFAM); Malawi Confederation of Chambers of Commerce and Industry (MCCCI); Farmers Union of Malawi (FUM), Malawi Bureau of Standards and Civil Society Agriculture Network (CISANET). A Programme Technical Committee (PTC) will be established to provide technical support to both the PSC and the Programme Management Unit (PMU). Terms of Reference and nominations to the PSC and PTC will require prior consent from IFAD.

8. *Programme Management Unit (PMU).* The day-to-day implementation and coordination of the Programme will be undertaken by a dedicated Programme Management Unit (PMU). The PMU will be granted authority to undertake all financial and procurement management activities, lead and supervise programme implementation and provide specialist technical inputs. An independent PMU will be established under the aegis of the Ministry of Agriculture. Key Programme Staff will include: National Programme Coordinator, Programme Accountant, Gender, Nutrition and Social Inclusion Officer, Grants Management Officer, Environment and Climate Officer, Procurement Officer and Agribusiness Officer. Some members of the SAPP PMU may be appointed by GoM to the SAPP II PMU based on the availability of two consecutive cycles of satisfactory performance appraisals and an independent suitability assessment for the position determined by a job suitability assessment undertaken by an external party. Where suitable candidates have not been identified from the SAPP PMU, GoM will be recruited competitively from the market. The recruitment and contract renewal of key Programme Staff will require prior consent from IFAD.

9. *Implementing partners.* Technical departments of MoA will closely interface with the PMU and support programme implementation by providing technical expertise in the relevant technical areas of the Programme – including crop development and animal health & livestock development, agriculture extension & agribusiness, research, land resources conservation and natural resources management. At the district level, the District

Commissioners will provide programme implementation oversight through the office of the Director of Agriculture, Environment and Natural Resources, working closely with the Directors of Planning and Development. Programme Implementation will follow the existing Decentralized Agriculture Extension Service System (DAESS) including Departments of Gender, Youth and Community Development to reach out to the community. The Agricultural Development Divisions (ADDs) will provide oversight of district councils in the implementation of SAPP II.

10. Service providers. SAPP II will mobilize and outsource key services related to commercialisation under component 2. Service providers will provide support in market systems facilitation, capacity building and strengthening of farmer organisations and producer

associations, support groups to develop and implement business plans, brokering partnerships and relationships with aggregators and off takers amongst other potential roles.

Farmer Challenge Fund Management: The FCF will be managed by a competent Fund Manager - financial institution, competitively recruited, with direct oversight on review of business plans submitted by groups, provision of technical assistance to the groups to ensure the business plans are bankable and implementable, performance monitoring of the group enterprises, promotion of best practices and knowledge management. The recruitment process of the Fund Manager will be undertaken in line with applicable procurement procedures and will require IFAD's prior consent. The contract with the Fund Manager shall be subject to IFAD's no objection and shall ensure that IFAD's staff and project auditors have access to the FCF's financial records for purposes of supervision and audit respectively.

11. *Monitoring and Evaluation (M&E).* The M&E system will be guided by the National M&E Master Plan. The SAPP II M&E system will enable disaggregated data by gender and age. All the core indicators will be measured at baseline, mid-line and at completion. The data collection approaches will combine qualitative and quantitative survey methods, and should follow IFAD guidelines and definitions of the IFAD core indicators. Key reporting milestones include: i) Baseline Report; ii) Annual Progress Report; iii) Mid-Term Report; iv) Annual Outcome Reports from Mid-term; v) Project Completion Report. A specific Portfolio Performance Report for the Farmer Challenge Fund will be prepared annually as an annex to the Annual Progress Report.

12. *Knowledge Management.* Knowledge management and communication systems will be developed to reflect and capture the programme achievements, the lessons learnt and success stories. A SAPP II website will be created and will be the main channel to share updated information about the Programme.

13. *Programme Implementation Manual.* The Programme shall be implemented in accordance with the approved Annual Work Plan and Budget (AWPB), and Procurement Plan and the PIM, the terms of which shall be adopted subject to the Fund's prior approval. The PIM shall include, among other things: (i) terms of reference, implementation responsibilities and appointment modalities of all programme staff and consultants; (ii) programme operating manuals and procedures; (iii) monitoring and evaluation systems and procedures; (iv) a detailed description of implementation arrangements for each programme component; (v) modalities for the selection of service providers to be based on transparent and competitive processes; (vi) financial management and reporting arrangements including accounting, approval of payments, financial reporting, internal controls, fixed asset management, as well as internal and external audit; and (vii) the good governance and anti-corruption framework.

14. *Farmer Challenge Fund Manual.* A specific manual for the management of the Farmer Challenge Fund (FCF) will be developed and finalized by mid-2025, and will require IFADs

prior consent. The manual will govern the transfer mechanism for grants and other financing mechanisms including blended finance.

Schedule 2

Allocation Table

1. *Allocation of Grant Proceeds.* The Table below sets forth the Categories of Eligible Expenditures to be financed by the Grant and the allocation of the amounts to each category of the Financing and the percentages of expenditures for items to be financed in each Category:

Category	Grant Amount Allocated (expressed in USD)	Percentage
I. Works	320 000	100% net of taxes
II. Consultancies	3 510 000	100% net of taxes
III. Goods, services, and inputs	3 600 000	100% net of taxes
IV. Training & workshops	5 140 000	100% net of taxes
V. Farmer Challenge Fund	910 000	100% net of taxes
VI. Recurrent costs	2 770 000	100%
Unallocated	1 800 000	
TOTAL	18 050 000	

The terms used in the Table above are defined as follows:

- (i) Cat. III Goods services and inputs includes equipment and materials
- (ii) Cat. VI Recurrent costs includes salaries, allowances and operating costs
- (iii) Cat. V Farmer Challenge Fund – Grants & subsidies to support farmer groups and other value chain actors, to engage in production and post-production enterprises informed by business plans. No funds shall be transferred for the FCF until the implementation arrangements for this fund have been documented and approved by IFAD as foreseen in Schedule 1 clause 15

2. *Disbursement arrangements*

- (a) *Start-up Advance.* Withdrawals in respect of expenditures for start-up costs incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of USD 500,000. Activities to be financed by the Start-up Advance will require the no objection from IFAD to be considered eligible.

Schedule 3

Special Covenants

I. General Provisions

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Recipient to request withdrawals from the Grant Account if the Recipient has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Programme:

1. Within 6 months of entry into force of the Financing Agreement, the Programme will procure and install a customize accounting software as it is the practice in IFAD on-going supported projects, to satisfy International Accounting Standards and IFAD's requirements.
2. Within six (6) months of entry into force of the Financing Agreement, the Programme will enter into Memorandum of Understandings (MoU) with implementing partners that will structure the collaboration, define roles, responsibilities and duties with regards to implementation, financial management, accounting and reporting.
3. By mid-2025, the Programme shall have developed a Manual for the management of the Farmer Challenge Fund and completed the recruitment of the Fund Manager.
4. Within 12 months of entry into force of the Financing Agreement, the Programme shall have developed a Commercialization Strategy for SAPP II, which integrates food security and nutrition outcomes.
5. *Planning, Monitoring and Evaluation.* The Recipient shall ensure that (i) a Planning, Monitoring and Evaluation (PM&E) system shall be established within twelve (12) months from the date of entry into force of this Agreement].
6. *Gender.* IFAD shall ensure that the PMU shall develop a Targeting Strategy for the Programme to ensure that women and youth considerations are mainstreamed in all programme activities throughout the implementation period, in order to offer equal opportunities under the Programme to men, women, women headed households, youth and other disadvantaged groups. The Programme should strive to reach more than 40% representation of women among the total outreach beneficiaries
7. *Indigenous People Concerns.* The Recipient shall ensure that the concerns of IPs are given due consideration in implementing the Programme and, to this end, shall ensure that:
 - (a) the Programme is carried out in accordance with the applicable provisions of the relevant IP national legislation;
 - (b) indigenous people are adequately and fairly represented in all local planning for programme activities;
 - (c) IP rights are duly respected;
 - (d) IP communities, participate in policy dialogue and local governance;
 - (e) The terms of Declarations, Covenants and/or Conventions ratified by the

Recipient on the subject are respected⁴;

- (f) The Programme will not involve encroachment on traditional territories used or occupied by indigenous communities.

8. *Land tenure security.* The Recipient shall ensure that the land acquisition process has already been completed and that compensation processes were consistent with international best practice and free prior and informed consent principles.

9. *Anticorruption Measures.* The Recipient shall comply with IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations.

10. *Sexual Harassment, Sexual Exploitation and Abuse.* The Recipient and the Programme Parties shall ensure that the Programme is carried out in accordance with the provisions of the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, as may be amended from time to time.

11. *Use of Programme Vehicles [and Other Equipment].* The Recipient shall ensure that:

- (a) all vehicles and other equipment procured under the SAPP II Programme are allocated to the PMU [and other Implementing Agencies] for programme implementation;
- (b) The types of vehicles [and other equipment] procured under the Programme are appropriate to the needs of the Programme; and
- (c) All vehicles [and other equipment] transferred to or procured under the Programme are dedicated solely to programme use.

12. *IFAD Client Portal (ICP) Contract Monitoring Tool.* The Recipient shall ensure that a request is sent to IFAD to access the project procurement Contract Monitoring Tool in the IFAD Client Portal (ICP). The Recipient shall ensure that all contracts, memoranda of understanding, purchase orders and related payments are registered in the Programme Procurement Contract Monitoring Tool in the IFAD Client Portal (ICP) in relation to the procurement of goods, works, services, consultancy, non-consulting services, community contracts, grants and financing contracts. The Recipient shall ensure that the contract data is updated on a quarterly basis during the implementation of the Programme.]

13. The Key Programme Personnel are: National Programme Coordinator, Programme Accountant, Gender, Nutrition and Social Inclusion Officer, Grants Management Officer, Environment and Climate Officer, Procurement Officer and Agribusiness Officer. In order to assist in the implementation of the Programme, the [PIU/PMU], unless otherwise agreed with IFAD, shall employ or cause to be employed, as required, key staff whose qualifications, experience and terms of reference are satisfactory to IFAD. Key Programme Personnel shall be seconded to the [PIU/PMU] in the case of government officials or recruited under a consulting contract following the individual consultant selection method in the IFAD Procurement Handbook, or any equivalent selection method in the national procurement system that is acceptable to IFAD. The recruitment of Key Programme Personnel is subject to IFAD's prior review as is the dismissal of Key Programme Personnel. Key Programme Personnel are subject to annual evaluation and the continuation of their contract is subject to satisfactory performance. Any contract signed for Key Programme Personnel shall be compliant with the national labour regulations or the ILO International Labour Standards (whichever is more stringent) in order to satisfy the conditions of IFAD's updated SECAP. Repeated

⁴ Refer to ILO 169, 1989 when ratified.

short-term contracts must be avoided, unless appropriately justified under the Programme's circumstances.

II. SECAP Provisions⁵

1. The Recipient shall carry out the preparation, design, construction, implementation, and operation of the Programme in accordance with the nine standards and other measures and requirements set forth in the Updated Social, Environmental Climate Assessment Procedures of IFAD ("SECAP 2021 Edition"), as well as with all applicable laws and regulations to the Recipient and/or the sub-national entities relating to social, environmental and climate change issues in a manner and substance satisfactory to IFAD. The Recipient shall not amend, vary or waive any provision of the SECAP 2021 Edition, unless agreed in writing by the Fund in the Financing Agreement and/or in the Management Plan(s), if any.

2. For projects/programmes presenting high or substantial social, environmental and climate risks, the Recipient shall carry out the implementation of the Programme in accordance with the measures and requirements set forth in the Environmental and Social Impact Assessments (ESIAs)/Environmental, Social and Climate Management Frameworks (ESCMFs) and/or Resettlement Action Plans/Frameworks (RAPs/Fs) and Environmental, Social and Climate Management Plans (ESCMs) for high risk projects and Abbreviated ESIAs and/or Abbreviated RAP/F and ESCMs for substantial risk projects and Free, Prior and Informed Consent (FPIC) Plans, FPIC Implementation Plans, Indigenous Peoples Plans (IPPs), Pesticide Management Plans, Cultural Resources Management Plans and Chance Finds Plans] (the "Management Plan(s)"), as applicable, taken in accordance with SECAP requirements and updated from time to time by the Fund.

The Recipient shall not amend, vary or waive any provision of the ESCMs and Management Plan(s), unless agreed in writing by the Fund and if the Recipient has complied with the same requirements as applicable to the original adoption of the ESCMs and Management Plan(s).

3. The Recipient shall cause the Executing Agency, all its contractors, its sub-contractors and suppliers not to commence implementation of any works, unless all Programme affected persons have been compensated and/or resettled in accordance with the specific RAP/Abbreviated RAP, FPIC and/ or the agreed works and compensation schedule.

4. The Recipient shall cause the Lead Programme Agency to comply at all times while carrying out the Programme with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s), if any.

5. The Recipient shall disclose the draft and final ESIA reports and all other relevant Management Plan(s) with programme stakeholders and interested parties in an accessible place in the programme-affected area, in a form and language understandable to programme-affected persons and other stakeholders. The disclosure will take into account any specific information needs of the community (e.g. culture, disability, literacy, mobility or gender).

6. The Recipient shall ensure or cause the Executing Agency and Implementing Agency to ensure that all bidding documents and contracts for goods, works and services contain provisions that require contractors, sub-contractors and suppliers to comply at all times in carrying out the Programme with the standards, measures and requirements set forth in the SECAP 2021 Edition, ESCMs and the Management Plan(s), if any.

7. The Recipient will ensure that a programme-level grievance mechanism is established that is easily accessible, culturally appropriate, available in local languages, and scaled to the nature of the Programme's activity and its potential impacts to promptly receive and resolve concerns and complaints (e.g. compensation, relocation or livelihood restoration)

⁵ New SECA provisions for all projects that pass concept review after 1 September 2021.

related to the environmental and social performance of the Programme for people who may be unduly and adversely affected or potentially harmed if the Programme fails to meet the SECAP standards and related policies. The programme-level grievance mechanism needs to take into account indigenous peoples, customary laws and dispute resolution processes. Traditional or informal dispute mechanisms of affected indigenous peoples should be used to the greatest extent possible.

8. This section applies to any event which occurs in relation to serious environmental, social, health & safety (ESHS) incidents (as this term is defined below); labor issues or to adjacent populations during programme implementation that, with respect to the relevant IFAD Programme:

- (i) has direct or potential material adverse effect;
- (ii) has substantially attracted material adverse attention of outside parties or create material adverse national press/media reports; or
- (iii) gives rise to material potential liabilities.

In the occurrence of such event, the Recipient shall:

- (i) Notify IFAD promptly;
- (ii) Provide information on such risks, impacts and accidents;
- (iii) Consult with programme-affected parties on how to mitigate the risks and impacts;
- (iv) Carry out, as appropriate, additional assessments and stakeholders' engagements in accordance with the SECAP requirements; and
- (v) Adjust, as appropriate, the programme-level grievance mechanism according to the SECAP requirements; and
- (vi) Propose changes, including corrective measures to the Management Plan(s) (if any), in accordance with the findings of such assessment and consultations, for approval by IFAD.

Serious ESHS incident means serious incident, accident, complaint with respect to environmental, social (including labor and community), health and safety (ESHS) issues that occur in loan or within the Recipient's activities. Serious ESHS incidents can comprise incidents of (i) environmental; (ii) occupational; or (iii) public health and safety; or (iv) social nature as well as material complaints and grievances addressed to the Recipient (e.g. any explosion, spill or workplace accident which results in death, serious or multiple injuries or material environmental contamination, accidents of members of the public/local communities, resulting in death or serious or multiple injuries, sexual harassment and - violence involving programme workforce or in relation to severe threats to public health and safety, inadequate resettlement compensation, disturbances of natural ecosystems, discriminatory practices in stakeholder consultation and engagement (including the right of indigenous peoples to free, prior and informed consent), any allegation that require intervention by the police/other law enforcement authorities, such as loss of life, sexual violence or child abuse, which (i) have, or are likely to have a material adverse effect; or (ii) have attracted or are likely to arouse substantial adverse attention of outside parties or (iii) to create substantial adverse media/press reports; or (iv) give, or are likely to give rise to material potential liabilities).

9. The Recipient shall ensure or cause the Executing Agency, Implementing Agency, contractors, sub-contractors and suppliers to ensure that the relevant processes set out in

the SECAP 2021 Edition as well as in the ESCMPs and Management Plan(s) (if any) are respected.

10. Without limitation on its other reporting obligations under this Agreement, the Recipient shall provide the Fund with:

- (i) Reports on the status of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition, ESCMPs and the management plan (if any) on a semi-annual basis - or such other frequency as may be agreed with the Fund;
- (ii) Reports of any social, environmental, health and safety incidents and/accidents occurring during the design stage, the implementation of the Programme and propose remedial measures. The Recipient will disclose relevant information from such reports to affected persons promptly upon submission of the said reports; and
- (iii) Reports of any breach of compliance with the standards, measures and requirements set forth in the SECAP 2021 Edition and the Management Plan(s) (if any) promptly after becoming aware of such a breach.

11. The Recipient shall fully cooperate with the Fund concerning supervision missions, midterm reviews, field visits, audits and follow-up visits to be undertaken in accordance with the requirements of SECAP 2021 Edition and the Management Plan(s) (if any) as the Fund considers appropriate depending on the scale, nature and risks of the Programme.

12. In the event of a contradiction/conflict between the Management Plan(s), if any and the Financing Agreement, the Financing Agreement shall prevail.

Logical framework

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Midterm	End Target	Source	Frequency	Responsibility	
Outreach	1 Persons receiving services promoted or supported by the project /1				Project reports	Annually	PMU	Activities start on expected timeline
	Total number of persons receiving services - Number		84724	169448				
	1.a Corresponding number of households reached							
	Women-headed households - Households		21689	43378				
	Non-women-headed households - Households		63035	120070				
	Households - Households		84724	169448				
Project Goal To contribute towards wealth creation, and improve food and nutrition security among rural population of Malawi	1.b Estimated corresponding total number of households members				Reports from the IPC report, from HIS and DHS report	Every 3 years	PMU	Activities start on expected timeline
	Household members - Number of people		423620	847240				
	Moderate/Chronic Food Insecurity							
Development Objective Commercialise and enhance the resilience and productivity of smallholder farming systems of rural men, women and youth in selected districts of Malawi by 2030	% Individuals - Percentage (%)	33	30	25	Baseline, mid & end-line surveys Baseline, mid & end-line surveys/ COI Surveys	Baseline, mid & end-line	PMU	Participating beneficiaries and implementing agencies fully engaged in activities. Sufficient Government buy-in and facilitative policy environment.
	Household wealth index							
	% of rural population under the two lowest wealth quintiles - Percentage (%)	46	43	35				
	Number of beneficiaries reporting increase in income by at least 25%							
	Total - Number		7500	15000				
	Males - Number		3750	7500				
	Females - Number		3750	7500				
	Young - Number		2850	5700				
	Percentage increase of level of commercialisation							
	Percentage increase in volume of commodities marketed by the beneficiaries		10	25				
	IE.2.1 Individuals demonstrating an improvement in empowerment							
	Total persons - Percentage (%)		24.38	48.75				
	Total persons - Number of people		19500	39000				
	Females - Percentage (%)		24.38	48.75				
	Females - Females		9750	19500				
	Males - Percentage (%)		24.38	48.75				
	Males - Males		9750	19500				
	1.2.8 Women reporting minimum dietary diversity (MDDW)							
	Women (%) - Percentage (%)		40	60				
	Women (number) - Females		12000	36000				
	Households (%) - Percentage (%)		40	60				
	Households (number) - Households		12000	36000				
	Household members - Number of people		60000	180000				
	Women-headed households - Households							
SF.2.1 Households satisfied with project-supported services /2								
Households (%) - Percentage (%)		40	80					
Households (number) - Households		32000	64000					
SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers /2								
Households (%) - Percentage (%)		40	80					
Households (number) - Households		32000	64000					

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Midterm	End Target	Source	Frequency	Responsibility	
Outcome 1. Increased smallholder productivity and climate resilience	1.2.2 Households reporting adoption of new/improved inputs, technologies or practices				COI surveys	Baseline, mid & end-line	PMU	- Beneficiaries willing to adopt climate smart agriculture and NRM practices - Ability of the project to respond to climate shocks with pro-active adaptive management - Sufficient Government buy-in and facilitative policy environment - Adequate labour and working conditions for women in the target value chains
	Households - Percentage (%)		24.38	48.75				
	Households - Households		19500	39000				
	1.2.4 Households reporting an increase in production							
	Total number of household members - Number		97000	195000				
	Households - Percentage (%)		24.38	48.75				
	Women-headed households - Households		4992	9984				
	Households - Households		19500	39000				
	3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices /2							
	Households - Percentage (%)		24.38	48.75				
	Households - Households		19500	39000				
	3.2.1 Tons of Greenhouse gas emissions (tCO2e) avoided and/or sequestered				Baseline, mid & end-line	Baseline, mid & end-line	IFAD ECG	
	Hectares of land - Area (ha)		12220	36660				
tCO2e/20 years - Number		-127938	-383815					
tCO2e/ha - Number		-3.49	-10.47					
tCO2e/ha/year - Number		-0.17	-0.52					
Output 1.1. Inclusive value chain and market analysis conducted	Stakeholders and value chain actors mapped				Projects reports	Annually	PMU	
	Number of mapping exercises conducted - Number		4	8				
Output 1.2. Enhanced capacity for climate smart and nutrition-sensitive production	1.1.8 Households provided with targeted support to improve their nutrition				Project reports	Annually	PMU	
	Total persons participating - Number of people		40000	68000				
	Males - Males		16000	32000				
	Females - Females		24000	36000				
	Households - Households		32000	60000				
	Household members benefitted - Number of people		200000	300000				
	Young - Young people		12000	18000				
	Women-headed households - Households		10400	15600				
	Technologies developed and promoted							
	Number of new technologies developed - Number		5	15				
	Number of new technologies promoted - Number		10	10				
	1.1.3 Rural producers accessing production inputs and/or technological packages /1							
	Total rural producers - Number of people		19500	39000				
	1.1.4 Persons trained in production practices and/or technologies /1							
	Total persons trained in crop - Number of people		19500	39000				
	Total persons trained in livestock - Number of people		7800	15600				
	3.1.2 Persons provided with climate information services /1							
	Persons provided with climate information services - Number of people		29438	58876				
	People who benefited from the pass-on programme							
	Number of beneficiaries from the goat pass-on programme - Number		5364	10728				
	Number of goats passed-on - Number		26864	53728				
	Number of beneficiaries from the chicken pass-on programme - Number		39360	78720				
	Number of chicken passed-on - Number		393600	787200				
People trained on GALS								
Number of extension workers trained as ToT - Number		250	250					

Results Hierarchy	Indicators			Means of Verification			Assumptions
	Name	Baseline	Midterm	End Target	Source	Frequency	
	Number of local facilitators trained - Number		500	500			
	Percentage of women local facilitators trained - Percentage (%)		60	60			
	Number of households mentored - Number		7000	10000			
	Public-private extensions supported						
	Number of extensions officers trained and supported - Number		50	100	Project reports	Annually	PMU
Output 1.3. Sustainable management of productive resources (soil, land and water)	3.1.4 Land brought under climate-resilient practices		2000	4000			
	Hectares of land - Area (ha)						
	Number of HH benefiting from sustainable soil and water conservation practices		5000	10125			
	Number of farming HH trained in micro-catchment and sustainable soil fertility management		5000	10125			
	Number of farming households - Number		5000	10125	Baseline, mid & end-line surveys COI Surveys	Baseline, mid & end-line	PMU
Outcome 2. Commercialisation of smallholder farming systems promoted	Number of beneficiaries who reported increase of sale (quantity of produce sold) by 25% /1		7500	15000			
	Total - Number						
	2.2.4 Supported rural producers' organizations providing new or improved services to their members /1		375	750			
	Number of POs - Organizations						
	Total number of POs members - Number of people		9376	18750	Project reports	Annually	PMU
Output 2.1. Strengthened farmer organizations	2.1.3 Rural producers' organizations supported /1		9376	18750			
	Total size of POs - Organizations		375	730			
	Rural POs supported - Organizations						
	2.1.4 Supported rural producers that are members of a rural producers' organization /1		9376	18750			
	Total number of persons - Number of people						
	1.1.7 Persons in rural areas trained in financial literacy and/or use of financial products and services /1		9376	18750			
	Persons in rural areas trained in FL and/or use of Prod and Services (total) - Number of people				Project reports	Annually	PMU
Output 2.2. Market linkages promoted based on opportunities to unlock value	Business plan development supported and implemented		25	50			
	Number of market linkages partnership developed between farmer's groups s and market actors (buyers) - Number		75	150			
	Number of farmer's group who declared having taken credit from a rural finance institutions - Number						
	Number of beneficiaries trained on post-harvest handling /1		3750	7500			
	Total number of persons trained - Number						
	2.1.6 Market, processing or storage facilities constructed or rehabilitated		126	250			
	Total number of facilities - Facilities		63	125			
	Processing facilities constructed/rehabilitated - Facilities		63	125			
	Storage facilities constructed/rehabilitated - Facilities						
	Number of beneficiaries who reported having access to new post-harvest facilities /1		1875	3750			
	Total - Number						
	Output 2.3. Farmer Challenge Fund (FCF) operationalized	2.1.2 Persons trained in income-generating activities or business management /1		7500	15000	Project reports	Annually
Persons trained in IGAs or BM (total) - Number							
Number of business plan proposals approved for financing			375	750			
Number of business plans approved - Number			5000000	5000000			
Volume of funds (USD) - Money (USD' 000)							
	Number of farmer groups/projects accessing FCF						

Results Hierarchy	Indicators			Means of Verification			Assumptions
	Name	Baseline	Midterm	End Target	Source	Frequency	
	Number of farmer groups/projects accessing FCF to promote Production		250	500			
	Number of farmer groups/projects accessing FCF to promote commercialisation - Number		125	250			
Outcome 3. Strengthened institutional capacity and knowledge management systems	Annual disbursement				Project reports	Annually	PMU
	Annual disbursement target met against the AWPB - Number		70	70			
Output 3.1. Capacity of staff, Communication, knowledge management and M&E	Trainings and capacity building of the PMU				Project reports	Annually	PMU
	Number of staff participating - Number		10	20			
	Males - Number		5	10			
	Females - Number		5	10			
	Success stories, best practices and lessons learnt documented and disseminated						
	Number of success stories shared - Number		10	20			
	Number of best practices documented - Number		2	10			
	Number of lessons learnt shared - Number		5	10			
Output 3.2. Institution building and policy engagement for resilient and market-oriented food systems	Government staff trained on disaster preparedness, mitigation and timely response				Project reports	Annually	PMU
	Number of government staff trained - Number		15	30			
	Policy engagement supported						
	Number of workshops organized for policy discussions - Number		2	10			
	Number of policy documents supported - Number		1	3			

/1 Indicators will be disaggregated by 50% Females, 50% Males and 30% Young

/2 Indicators will measure household members (in Malawi the average is 5 members per HH), and number of women-headed HHs (average 25.6% of total HHs)

Integrated programme risk matrix

Risk categories and subcategories	Inherent	Residual
Country context	Substantial	Moderate
Political commitment	Substantial	Moderate
Risk(s): The Government has sound policies in place for improving agricultural production and rural development aiming at improving production, productivity and diversification of crops and livestock. Although recent climate related hazards such as Cyclone Freddy have put a strain on the national budget and food security among smallholder farmers. The Government plans to continue promoting increased participation of smallholder farmers to engage in potential profitable agricultural value chains, including soya beans, groundnuts, sunflower, goats and dairy. That notwithstanding, the markets for these value chains are uncertain. Furthermore, the country will soon be moving into political campaigns although the presidential and parliamentary elections are 2 years away.		
Mitigations: The Government is committed to the timely implementation of SAPP II once its design is concluded. Although the financial envelope is beyond the available resources under IFAD 12 resources through climate funds, other potential funding from bilateral partners and possibly IFAD 13 allocation if confirmed.		
Governance	Substantial	Moderate
Risk(s): Under SAPP II, the Government has already in place a performing project management unit. However, new staff will be seconded/hired to SAPP II who will require orientation and may therefore slow down implementation. Furthermore, new governance structures, the Project Steering Committee and Project Technical Committee will be established unlike under SAPP. This may delay implementation due to time required for orientation and settling down.		
Mitigations: Government will build the capacity of the project management unit by seconding more staff from the Ministry of Agriculture to the project and strengthening the project's mobility for effective coordination and reaching out to target beneficiaries.		
Macroeconomic	Substantial	Substantial
Risk(s): External shocks and, in particular, the impacts of the war in Ukraine and two cyclones that have affected agricultural production, together with a balance-of-payments has resulted and is further expected to result in foreign exchange scarcity. The risk of exchange rate deterioration of the Malawi Kwacha and rising rate of inflation (double digits) is anticipated. The devastation of road infrastructure due to cyclone Freddy affecting SAPP II target districts in southern Malawi is also a risk that may affect reaching out to project beneficiaries. Malawi's public debt is currently assessed to be in distress, which is a risk factor as it risks crowding out private sector investment.		
Mitigations: Government will assess the effects of the risks and ensure implementation of climate smart infrastructure and agricultural production. Government will continue to focus on agricultural commercialization and placing emphasis on export driven agricultural value chains. Government will consider debt restructuring.		
Fragility and security	Substantial	Moderate

Risk categories and subcategories	Inherent	Residual
Risk(s): Climate change phenomena poses a risk to livelihoods of communities, considering that Malawi is prone to climate related shocks such as cyclones and dry spells. This is a risk that negatively affects crop production and productivity, and the livelihoods of communities in terms of food security.		
Mitigations: Government through the SAPP II has interventions climate resilience to lessen the impact of climate change related disasters.		
Sector strategies and policies	Substantial	Moderate
Policy alignment	Substantial	Moderate
Risk(s): The agricultural and rural development policies of GoM are generally well aligned with IFAD's COSOP (2023 - 2030) and policies. However, parliamentary processes to approve and ratify financing agreements for projects with IFAD have been very slow. This has posed a risk of delays in project start up and timely implementation, resulting in escalations of project costs and affecting meeting project targets.		
Mitigations: Government through the Debt & Aid division in MFEA will closely work with MoA to ensure relatively quick passage in Malawi parliament to timely ratify SAPP II financing agreement. MFEA will also work closely with the Ministry of Justice & Constitutional Affairs to develop Government /IFAD money bills for presentation in Malawi Parliament in a timely manner.		
Policy development & implementation	Substantial	Moderate
Risk(s): The national policy framework (MW 2063) is well-developed and supportive of agricultural commercialization and rural development. However, there is slow and limited implementation of most policy elements because of limited budget allocation to ensure implementation of the policies and strategies take place. This is a risk that the MW2063 may not be achieved.		
Mitigations: Government to strengthen capacities for policy implementation by providing adequate budget allocations. The Government to strengthen its monitoring of policy implementation. SAPP II will support some policies, including horticultural development in pursuit of Malawi's agriculture commercialization agenda.		
Environment and climate context	Substantial	Substantial
Project vulnerability to environmental conditions	Moderate	Moderate
Risk(s): The project's negative environmental risks include deforestation, land degradation, soil erosion, siltation of water reservoirs and bio-diversity loss because of clearing land for agriculture. In addition, inadequate adherence and limited enforcement to environmental regulations may result in increased vulnerability or deterioration of target populations' livelihoods and ecosystems.		
Mitigations: - Project will ensure screening of project interventions potential impact on environment and formulation of site specific Environmental and Social Climate Management Plans (ESCMPs) where environmental risks exist to minimize negative environmental impacts when risk is identified; - Promoting and building capacity for communities in conservation, restoration and protection of ecosystems and biodiversity; - Strengthening environmental education and co-management through capacity building of community groups to sustainably use of common		

Risk categories and subcategories	Inherent	Residual
resources; - Targeted conservation and restoration activities at micro-catchment level; - The project interventions will target existing agricultural land, and land clearing will not be required for the project direct activities; - Screening of FCF business plans against climate and environmental criteria.		
Project vulnerability to climate change impacts	Substantial	Substantial
Risk(s): The targeted population is vulnerable to increased frequency of extreme weather events (floods, droughts, and cyclones), extreme temperatures, erratic rainfall as a result of climate change. The impacts of climate change will impact productivity in terms of crop yields, loss of livestock and undermine the sustainability of project interventions. There are limited climate smart technologies or good agricultural practices.		
Mitigations: - Strengthen research, development and farmer evaluation of climate adapted crop varieties, new livestock production technologies promotion of Good Agricultural Practices (GAP), soil and water conservation, soil fertility improvement, conservation agriculture and awareness on environmental conservation and management practices. - Piloting of crop and livestock micro-insurance initiatives; - Climate resilience criteria in choice of value chain commodities to be promoted; - Early warning systems, more accessible weather and climate data, climate-resilient infrastructure, climate-smart agricultural practices/technologies, will be promoted to increase resilience; - A targeted adaptation assessment to identify site specific adaptation options.		
Project scope	Low	Low
Project relevance	Low	Low
Risk(s): There is low risk since SAPP-II design builds on the most relevant aspects of the ongoing SAPP project, validated through SAPP Outcome surveys and economic and social development status reports from the targeted areas. It was confirmed during the concept note mission that support to agriculture primary production, with added elements of climate resilience and commercialization, is highly relevant for Malawi nationally and for the target districts in particular.		
Mitigations: During MTR, the project framework will be assessed to ensure continued relevance of the project framework of goals, outcomes, outputs and activities. Flexibility to make revisions at MTR ensures that SAPP-II will remain relevant throughout project life.		
Technical soundness	Low	Low
Risk(s): There is low risk of a lack of technical soundness. The project outcomes and outputs are building on best practices identified through implementation of the ongoing SAPP project as well as other agriculture projects at the Ministry of Agriculture, and technical soundness is proofed against successful work and results.		
Mitigations: The annual supervisions and especially the project Mid Term Review will ensure that project implementation will progress effectively and in alignment with the design, and in case revisions to		

Risk categories and subcategories	Inherent	Residual
the implementation framework are required, such can be agreed upon between IFAD and the Government.		
Institutional capacity for implementation and sustainability	Moderate	Low
Implementation arrangements	Moderate	Low
Risk(s): The Ministry of Agriculture, through the Project Implementation Unit (PIU), was responsible for the implementation of SAPP and the same arrangement will be kept for SAPP II. Whilst it is the responsibility of the Government and its associated institutions to take charge of SAPP II delivery, and they have proven capacity for this, there is a risk that the MoA is slow to develop partnerships for delegation of selected aspects of project implementation to partners that may be more effective in those areas. This poses a risk with regards efficiency of delivery as well as outcomes achievement. Limited capacity from relevant institutions may arise from implementing the project in new identified districts.		
Mitigations: The design mission will identify appropriate implementation responsibilities for the MoA departments and those for development partners, value chain actors, service providers and stakeholders during SAPP II delivery. The partnerships shall be consolidated in Memorandums of Understanding (MOU) at project start-up phase to delegate delivery of selected outputs and activities to appropriate entities, whilst still providing oversight. Government will ensure selected EPAs have sufficient front-line staff to implement the project.		
M&E arrangements	Moderate	Low
Risk(s): The project is at its second phase and the staff is well trained and have already a functioning M&E system. The monitoring plan will identify monitoring indicator indicators at various level. However, some challenges could be the disaggregation of some of the indicators and the tracking of environmental and social safeguard as well as tracking emissions.		
Mitigations: Whenever practicable, all indicators centred on people will be disaggregated by gender and age. The preliminary ESCMP matrix will be refined and incorporated into the project's implementation manual throughout its duration. During the design phase, a comprehensive M&E framework will be agreed upon between IFAD and Government teams.		
Procurement	Moderate	Moderate
Legal and regulatory framework	Moderate	Moderate
Risk(s): There are exceptions to the procurement framework in the case of national defense or national security related procurement to the extent that such procurement is determined to be of a sensitive nature. A blanket exception may lead to non-competitive procurement and may pose the risk of not obtaining value for money on military expenditure which is not of a sensitive nature. Desk instructions dated 2003 yet to be updated to be consistent with the new Regulations of 2020. The inconsistency may lead to the risk of non-compliance with the Procurement Act and regulations hence threatening the integrity of the public procurement system and impacting value for money outcome. Standard RFQs do not contain a period for clarification and neither is there enough time to ask questions. There is a risk that either unrealistic quotations will be submitted or some vendors will not be		

Risk categories and subcategories	Inherent	Residual
<p>motivated to participate if some aspects of the procurement requirement are unclear leading to less competition. This will in turn impact value for money. This is likely to affect the project since it will be using national procedures.</p> <p>E-procurement not in use and Regulations 179 and 180 cover gradual introduction of e-procurement and conditions for their application. Definitions require adherence to socio-economic policies and provision 36 of the Act covers participation of SMEs though there are no methods that support innovation. Use of manual processes is inefficient and is prone to errors and there is lack of transparency and open access to public procurement information by the public and other stakeholders. Relying on such a system by the project will limit the information available about the project's procurement opportunities.</p>		
<p>Mitigations: Procurement processes and procedures to be clearly identified in the PIM. Adoption of IFAD shopping SPDs that contain provisions for clarifications. Ensure procurement procedures are defined in project procurement manuals and consistent with IFAD procurement framework. Permit receipt of REOI and vendor pre-qualification applications through e-mail. Identification of SMEs to participate in specific procurement reservation schemes.</p>		
Accountability and transparency	Moderate	Moderate
<p>Risk(s): No evidence that the Government takes into account the input, comments and feedback received from civil society and the procurement framework does not allow the public to participate in public procurement phases other than opening. There is a risk of lack of scrutiny of public procurement processes and decisions which may make the process none transparent and unaccountable.</p> <p>There is a requirement by law to publish NOITA, but no central portal for publishing other procurement related data to the public. There is a risk that lack of systematic access to public procurement information may erode the confidence of the public and the business community in the public procurement system.</p> <p>According to PEFA 2018, the National Audit Office (which is responsible for procurement audit) has no resources and capacity to properly exercise its functions. Composition of audit teams does not comprise procurement specialists. Resource constraints lead to fewer post reviews for procurement and there is a risk that the National Audit Office does not exercise its function to the desired extent in assessing compliance with procedures and performance levels of public procurement entities to ensure value for money in public procurement. This will impact the project since the public auditor will likely not have the expertise and resources to audit the project hence need to rely on private external auditors.</p> <p>No evidence of systems in place to follow up on the implementation/enforcement of the audit recommendations. This results from lack of an effective mechanism to follow up on audit recommendations and lack of a sanction system. There is a risk that there are no action plans to address the shortcoming and irregularities pointed out. The impact is that public procurement remains ineffective as it may not take advantage of the recommended improvements.</p> <p>There are no special integrity programmes for procurement staff. There is no disclosure of secure, accessible and confidential channels for reporting cases of fraud, corruption or other prohibited practices or unethical behaviour. There is a risk that procurement staff may be involved in unethical practices which may go unpunished due to lack of</p>		

Risk categories and subcategories	Inherent	Residual
a mechanism to hold them accountable. This may extend to the project staff since they operate in the same environment as all public officers.		
Mitigations: Use of the project website to publish procurement opportunities and contract awards. Periodic reporting to IFAD on procurement related issues identified during audit and their resolution. Include qualified procurement specialists as part of audit teams. Project to put in place periodic training on integrity for all project staff involved in processing procurement activities. The Project should disclose in solicitation documents the IFAD hotline to report misconduct of any kind and corruption and brief them on the Reporting obligations, as per Revised IFAD Anti-Corruption Policy.		
Capability in public procurement	Moderate	Moderate
<p>Risk(s): Financial procedures are not detailed in the procurement cycle though the intersection with budgeting is identified in Part V of Regulations. This creates uncertainty on allocation of budget and availability of funds to ensure payments under the financial system leading to lack of trust due to lack of timely payments to vendors and may pose the risk of reduced competition, increased prices and delays in delivery of goods and services.</p> <p>There is no centralized procurement body for the purpose of consolidation hence lack of economies of scale due to lack of bulk buying. This has the risk of fragmenting procurement requirements and risks making them unattractive to bidders. This impacts value for money. The project may not be able to take advantage of such consolidation for its operational requirements.</p> <p>Absence of procurement information system and no strategies to manage procurement data. This poses the risk that there is lack of data to monitor compliance and measure performance of the public procurement system in order to achieve value for money across contract awarding including the methods used.</p> <p>There is a lack of substantive permanent training programmes on procurement and strategy to develop capacity of key stakeholders in public procurement. There is a risk this will affect the operational effectiveness of the implementation of the project including mastery of the rules and procedures in public procurement and may impact accountability functions in all stages of project implementation.</p>		
Mitigations: Timelines for Annual Work planning and budgeting cycles should be clearly defined in the PIM. Consolidate requirements for the purpose of economies of scale. Use IFAD end-to-end OPEN system for processing procurements. Project Procurement specialists to attend IFAD ILO based Procurement training BUILDPROC. Institute periodic stakeholder/supplier conferences.		
Public procurement processes	Moderate	Moderate
<p>Risk(s): There are instances of delays and not achieving the planned target activities as a result of delays in initiation processes. This is associated with the long time it takes to pass budgets and release funds to Procuring Entities to enable spending to occur. There is a risk of rushing to make last minute spending especially at the end of the year to exhaust the allocated budget leading to poor procurement decisions and wastage of funds.</p> <p>Absence of formal mechanisms for open dialogue or capacity building of private companies. Absence of specific risks assessment associated with different sectors and engagement in support of procurement objectives. There is a risk that stakeholder concerns over various</p>		

Risk categories and subcategories	Inherent	Residual
issues highlighted in the usage of bidding documents may remain unaddressed. There is an additional risk that the private sector may not be adequately sensitized on how to effectively participate in public procurement opportunities hence impacting competition and value for money.		
Mitigations: Use IFAD end-to-end OPEN system for monitoring milestones. Absence of a system in place to measure and improve on procurement and contract management practices. Institute periodic stakeholder/supplier conferences. Periodic updates to project procurement strategies to identify emerging trends and risk mitigation measures.		
Financial management	Substantial	Substantial
Organization and staffing	Substantial	Substantial
Risk(s): Seconded staff demotivation with the salary et benefit set by the Government may affect the projects deliverables and may cause corrupt deals. None of FM staff is qualified accountant may cause problem solving complex accounting treatments. The district staff don't have requisite experiences in IFAD financial and administration processes and procedures. Frequent rotation of delegated government staff may cause high turnover of staff within district project.		
Mitigations: The government should set a staff emolument which is acceptable to motivate seconded staff. The FM staff should seek to become a member of Accounting body. All the finance team staff at PMU and District must take IFAD FM e-learning course to keep abreast with IFAD current FM policies. The government should allow staff delegated to IFAD projects to be on the course until the end of the project before rotation. There will be start-up capacity building workshop where the project will be sensitized on IFAD financial management requirements including preparation of interim financial reports and processing of withdrawal applications in ICP to ensure there is timely disbursement of funds, valuation of in-kind contributions among others.		
Budgeting	Substantial	Substantial
Risk(s): Delay in the preparation of AWPB and submission to IFAD for No-Objection may delay in the activities' implementation. ·Prepare non-realistic and too ambitious AWPB which would not be implemented giving low budget implementation rate at the end of year. ·No official and documented guideline policies on the government and other counterpart's in-kind contribution giving inaccurate government counterpart contributions. ·Delay in implementing AWPB. ·Spending non-authorized or non-budgeted activities leading ineligible.		
Mitigations: Project should respect the laid down procedures on AWPB preparation and submission to IFAD. ·Activities budgeted for should be implemented at least in 80% each year. ·The project to develop in-kind contribution guidelines to be no-objected by IFAD for use before first disbursement. ·Each month prepare AWPB versus implementation schedule and variance to monitor AWPB implementation.		

Risk categories and subcategories	Inherent	Residual
·Before expenses are incurred, Finance Team to check and record availability of budget line and fund; if not reject the expense.		
Funds flow/disbursement arrangements	Substantial	Substantial
<p>Risk(s): Delay in the preparation of quarterly IFR and submission of Advance and Justification W/As leading to liquidity constraints and delaying activities implementation.</p> <p>Malawi Kwacha is highly volatile due to its continuous depreciation against the US\$ which may affect or reduce available dollar for the project implementation.</p> <p>·Delay in disbursing fund to Farmers Challenge Fund beneficiaries on time of need due to lack of capacity in the preparation of disbursement-based on impress system and delay of submission of W/A.</p> <p>·The current existing of financing gap may affect some project's categories and overall project implementation.</p>		
<p>Mitigations: Effective capacity building on IFR preparation, disbursement based on IFR and submission of W/As through FE module and ICP should be undertaken during project launch.</p> <p>·Transfer only amount needed for use in MK in the Operation accounts.</p> <p>·The PMU finance staff should build capacity to Farmer Challenge Fund beneficiaries before the first disbursement of advance.</p> <p>·The B/R should endeavour to raise the financing gap before the project launch.</p> <p>· IFAD will demand adequate and timely provisions of counterpart provisions during project negotiations to mitigate on use of IFAD funds to pre-finance counterpart contributions</p>		
Internal controls	Substantial	Substantial
<p>Risk(s): Delay in submitting final internal audit report which will delay the knowledge of key and risky issues found.</p> <p>·Not respecting at least two internal audit undertaking per financial year.</p> <p>·Adequate internal control system in place but which may not work due to violation of intern control processes in place.</p> <p>·Non-respect of clauses of Financial and Administrative manual.</p> <p>·Increased risk of fraud and poor financial management practices at the district and FCF beneficiaries' levels where IFAD resources support farmers' organizations and smallholders.</p> <p>·Accumulation of incompatible tasks and overriding of Coordinator on internal procedures.</p> <p>·Weak capacities of implementing partners.</p>		
<p>Mitigations: There should always be internal audit entry and exist meeting and make sure the final signed internal report is received on time.</p> <p>·The number of internal audit report planned for the year should been done, at least 2 internal audits should be undertaken each year.</p> <p>·Every approving officer along internal control value chain should respect his/her role without overriding on the other's roles.</p> <p>·Projects policies manual should be followed and in case of any internal process amendments, the project should review and update the manual accordingly.</p> <p>·All SAPP II staff: PMU, District levels should take IFAD anti-fraud and anti-corruption course with certificate. Report any attempt of fraud, corruption by introducing whistle blowing arrangement in place.</p> <p>·The Coordinator should give autonomy to each Officer to play his/her role on the transactions approving processes.</p>		

Risk categories and subcategories	Inherent	Residual
<ul style="list-style-type: none"> ·PMU to build capacity to all implementing partners before disbursing fund. · Bank reconciliations and other requirements by districts will regularly be monitored by PMU. The residual risks are maintained as Substantial. A time-bound action plan is put in place to improve SAPP FM performance while waiting for SAPP II to start up. 		
Accounting and financial reporting	Substantial	Substantial
<p>Risk(s): Incomplete configuration of the accounting software with financial statements (FS) leading to manual preparation of FS with inaccuracy and errors.</p> <ul style="list-style-type: none"> ·Delay in preparation and submission of quarterly IFR and risk of quality may be compromised. ·Risk of the FCF beneficiaries may not have quality bookkeeping knowledge and system in place which can allow them to prepare disbursement based on impress system. ·Accounting software may not be customized enough with all the required forms to automatically generate reports that meet IFAD requirements. ·Risk of SDR/US\$ exchange rate fluctuation leading to insufficient dollar values available to implement project activities when the financing is SDR. ·Risk that Farmer Challenge Fund does not have distinct category in costab and Schedule II. 		
<p>Mitigations: Configure accounting software with all the required IFAD forms and FS before the first disbursement. FO to check and make a test run during the launch of the project.</p> <ul style="list-style-type: none"> ·During the launch of SAPP II build capacity of staff on IFR preparation, disbursement procedures, FE Module and ICP usage. ·SAPP II Finance team to build capacity for FCF beneficiaries on effective bookkeeping and preparation of disbursement W/A. ·SAPP II should have TOMPRO upgraded into TOMPRO web and configure it for a complete FS and IFR and reporting directly from the system. ·SDR/US\$ financing gap-high risk; therefore, the government should endeavour to choose US\$ or Euro currency for the loan and grant. ·Make sure the current Farmer Challenge Fund (FCF) maintains distinct category in the costab and in IFAD schedule II. 		
External audit	Substantial	Moderate
<p>Risk(s): Possible risk of collusion of the PMU and auditor General delegated staff who conduct project external audit to twist the audit report and findings.</p>		
<p>Mitigations: Hybrid external audit process involving Auditor General and private auditor for credible oversight control assurances.</p>		
Environment, social and climate impact	Moderate	Low
Biodiversity conservation	Moderate	Low
<p>Risk(s): Land clearing for agriculture, for example, may endanger or reduce biodiversity, the availability of diverse nutritious food, ecosystems and ecosystem services, or the unsustainable use/production of natural resources. In addition, the project could accidentally lead to introduction or utilization of invasive alien species of flora and fauna.</p>		
<p>Mitigations:</p>		

Risk categories and subcategories	Inherent	Residual
<ul style="list-style-type: none"> - The project interventions target existing agricultural land, and land clearing will not be required for the project direct activities - Promoting protection of the natural resource base through tailored support from the Village Farmer Challenge Fund - Screening of FCF business plans against climate and environmental criteria - Targeted conservation and restoration activities at micro-catchment level - Capacity building for communities on biodiversity conservation to be provided through the advisory services. - Implementation of the ESCMPs, which provides mitigation plan for all risks identified - Procurement guidelines will include safeguards to ensure any seed or seedling purchased for the project do not have invasive potential (particularly relevant in research for new varieties and in potential afforestation activities) - Project will work to change perceptions on the richness of indigenous and local wild foods through participatory biodiversity assessment to understand their availability and key characteristics and potential for biodiversity and diet quality. 		
Resource efficiency and pollution prevention	Moderate	Low
<p>Risk(s): Farmers' increased use of agrochemicals (fertilisers and pesticides) may pollute land and water resources as they seek to increase agricultural productivity threatening ecosystem services and the environment at the local levels. The project will also involve livestock management and rearing, as well as potential afforestation activities which may imply increased pressure on resources and/or changes to land-use.</p>		
<p>Mitigations:</p> <ul style="list-style-type: none"> - Promotion of eco-labelled products/practices such as organic fertilizer, manure curing and Integrated Pest management that minimizes hazardous substances/emissions - Where inorganic fertiliser cannot be avoided, precise application techniques to be promoted - Policy support to address environmental effects of fertiliser subsidy - Screening of FCF business plans against climate and environmental criteria to avoid causing pollution - Procurement guidelines will list all approved chemicals in tender documents - The specifications of fertilisers and pesticides contracted by the PMU will be required to operate in line with the specifications in SECAP VOL 1 Annex 4 and the WHO-FAO codes for safe labelling, packaging, handling, storage, application and disposals of pesticides - Focus on small and low-emitting livestock only - Promotion of good husbandry practices and manure management through trainings and demonstrations - Preliminary soil and water assessments, as well as socioeconomic assessment will be conducted prior to afforestation activities to identify appropriate location, number and management capacity of trees planted for restoration and/or agroforestry - Technical training will be provided, ensuring that tree nurseries will need to be grown in a sustainable manner including safe use of fertilisers, chemicals, safe disposal of plastics. 		
Cultural heritage	Low	Low

Risk categories and subcategories	Inherent	Residual
Risk(s): No risk envisaged		
Mitigations: No risk envisaged		
Indigenous peoples	Low	Low
Risk(s): There is no envisaged risk as the project target beneficiaries does not include IPs.		
Mitigations: There is no envisaged risk as the project target beneficiaries does not include IPs.		
Community health and safety	Moderate	Low
Risk(s): Potential health and food safety concerns along the selected value chains from production to consumption of the selected value chains. For example high aflatoxin content of groundnuts and other grains; Increased agricultural productivity from the use of inorganic and pesticides will result in increased use of agrochemicals. Poor agrochemical handling and application will increase the risks to the health of pesticide-exposed people and agricultural product consumers. Women's increased domestic workload continues to endanger their health and nutrition. This can be exacerbated by allowing women to participate in labor-intensive activities. There is a possible risk of gender-based violence.		
Mitigations: - Where inorganic fertiliser cannot be avoided, precise application techniques to be promoted - Promote the use of organic fertilisers particularly for home gardens, the main source of vegetables for household use - Tailored training on food safety to farmer groups based on specific risks of specific value chains The project will create awareness on GBV prevention, management and reporting using the protocols provided for by the Ministry of Health. As well prevention of HIV/AIDS. Promote use of organic fertilizers, integrated pest management and safe use of chemicals.		
Labour and working conditions	Moderate	Low
Risk(s): The risks are child labour due to high school drop-out rates, working during school holidays, heavy labour burden on women, occupational health/injuries, risks during NRM works, and poor working conditions of workers working with partners and service providers.		
Mitigations: The ECSMP matrix provides for elaborate mitigation and monitoring/surveillance measures to prevent/limit child labour, occupational health and safety as well as poor working conditions. The project is also promoting the GALs methodology at household level to encourage sharing of labour roles at farm and household levels, to reduce the burden on women and create awareness on GBV prevention.		
Physical and economic resettlement	Low	Low
Risk(s): No risk envisaged.		
Mitigations: No risk envisaged.		
Greenhouse gas emissions	Low	Low
Risk(s): Secondary forest carbon sinks may be reduced as a result of land clearing for agriculture resulting from land use change thereby contribute to anthropogenic climate change.		
Mitigations:		

Risk categories and subcategories	Inherent	Residual
<ul style="list-style-type: none"> - The promotion of good agricultural practices and soil fertility enhancement will also promote carbon sequestration in soil organic matter. - Promotion of clean energy technologies will help to reduce GHG emissions. - Project will promote NRM, including afforestation. 		
Vulnerability of target populations and ecosystems to climate variability and hazards	Substantial	Moderate
Risk(s): The reliance on rainfed agriculture, low adoption of climate smart practices/technologies makes the targeted population and infrastructure vulnerable to climate shocks, as demonstrated by the recent Cyclones Idai and Freddy.		
<p>Mitigations:</p> <ul style="list-style-type: none"> - Strengthen research, development and farmer evaluation of climate adapted and nutrition dense crop varieties, new climate resilient livestock production technologies. - Early warning systems for shocks. - Increase promotion and adoption of climate smart and shock resilient production systems and technologies, sustainable management of productive resources (soil, land and water). - Soil and water conservation, conservation agriculture and raising environmental awareness. - Ensuring climate resilience Good Agricultural Practices (GAPs) or technologies are developed and refined to meet the needs of various farmer agro ecologies. - Strengthen agricultural extension delivery. - Improve the implementation of farmer-created research trials. - Improving capacity will also increase smallholders' knowledge base for managing climate change-related risks. - Target districts are not the most exposed 		
Stakeholders	Moderate	Low
Stakeholder engagement/coordination	Moderate	Low
Risk(s): Weak inclusion of stakeholder in the design and implementation of the project results in poor ownership and potential duplication of efforts with other development partners. Inadequate inclusion also leads to inability of stakeholders to take decisions related to the programme as well as to voice their opinions and concerns.		
Mitigations: Stakeholders were consulted extensively during the concept note preparation process. A stakeholder engagement plan will be developed during project design to identify various stakeholders, how they will be engaged, information feedback loops, and communication channels.		
Stakeholder grievances	Moderate	Low
Risk(s): Inadequate or delayed activation of grievance/complaint redress mechanisms, resulting in unresolved stakeholder complaints, which may result in low motivation and project participation. This could jeopardize project implementation and the achievement of project development goals.		
Mitigations: SAPP II will train project staff and senior government representatives from lead project executing agencies to effectively engage stakeholders and provide feedback on IFAD investments. A grievance redress mechanism will be created for the project to provide a channel for complaints.		